

HB2508 HD1

Measure Title: RELATING TO COLLECTION AGENCIES.

Report Title: Collection Agencies; Exempt Out-of-State; Limitations; Disciplinary Action; Fines

Description: Clarifies and strengthens enforcement provisions for exempt out-of-state collection agencies and increases fines for collection agencies governed under chapter 443B, Hawaii Revised Statutes. (HB2508 HD1)

Companion: SB2770

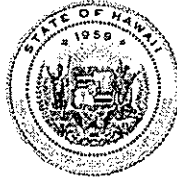
Package: Gov

Current Referral: CPN, WAM

Introducer(s): SAY (Introduced by request of another party)

Sort by Date		Status Text
1/23/2012	H	Pending introduction.
1/25/2012	H	Introduced and Pass First Reading.
1/25/2012	H	Referred to CPC, FIN, referral sheet 7
1/26/2012	H	Bill scheduled to be heard by CPC on Monday, 01-30-12 2:00PM in House conference room 325.
1/30/2012	H	The committees on CPC recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 11 Ayes: Representative(s) Herkes, Yamane, Brower, Coffman, Ito, Keith-Agaran, Luke, Souki, Tsuji, Ching, Marumoto; Ayes with reservations: none; Noes: none; and 4 Excused: Representative(s) Cabanilla, Carroll, McKelvey, Thielen.
2/6/2012	H	Reported from CPC (Stand. Com. Rep. No. 106-12), recommending passage on Second Reading and referral to FIN.
2/6/2012	H	Passed Second Reading and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and McKelvey, Takai excused (2).
2/24/2012	H	Bill scheduled to be heard by FIN on Monday, 02-27-12 4:00PM in House conference room 308.

2/28/2012	H	The committees on FIN recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 16 Ayes: Representative(s) Oshiro, M. Lee, Choy, Cullen, Giugni, Har, Hashem, Ichiyama, Jordan, Kawakami, C. Lee, Morikawa, Tokioka, Yamashita, Marumoto, Riviere; Ayes with reservations: none; 0 Noes: none; and 1 Excused: Representative(s) Ward.
3/2/2012	H	Reported from FIN (Stand. Com. Rep. No. 850-12) as amended in HD 1, recommending passage on Third Reading.
3/2/2012	H	Forty-eight (48) hours notice Tuesday, 03-06-12.
3/6/2012	H	Passed Third Reading as amended in HD 1 with none voting aye with reservations; none voting no (0) and none excused (0). Transmitted to Senate.
3/8/2012	S	Received from House (Hse. Com. No. 227).
3/8/2012	S	Passed First Reading.
3/8/2012	S	Referred to CPN, WAM.
3/9/2012	S	The committee(s) on CPN has scheduled a public hearing on 03-13-12 9:00AM in conference room 229.



NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

KEALI'I S. LOPEZ
DIRECTOR

PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

TWENTY-SIXTH STATE LEGISLATURE
REGULAR SESSION, 2012

TUESDAY, MARCH 13, 2012
9:00 A.M.

TESTIMONY ON HOUSE BILL NO. 2508 H.D.1
RELATING TO COLLECTION AGENCIES

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND TO THE HONORABLE BRIAN T. TANIGUCHI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 2508 H.D.1, Relating To Collection Agencies. My name is Jo Ann Uchida, Acting Deputy Director. The Department strongly supports this Administration bill.

House Bill No. 2508 H.D.1 strengthens the Department's oversight of exempt out-of- state collection agencies by clarifying the requirements to maintain the exemption and specifying the conduct that would trigger enforcement action.

The Department notes that House Bill No. 2508 H.D.1 and the Senate companion measure, Senate Bill No. 2770 S.D.1, which this Committee heard, are substantially similar, except that this bill does not have a defective effective date. The Department prefers House Bill No. 2508 H.D.1 over Senate Bill No. 2770 S.D.1.

Data from the Department's Professional and Vocational Licensing division indicates that there were 199 exempt out-of-state collection agencies as of July 12, 2004. As of July 27, 2011, there were 402 exempt out-of-state collection agencies operating in Hawaii, more than doubling the number of exempt out-of-state collection agencies operating in Hawaii, while the number of registered collection agencies remained relatively stable at around 200. The Department believes that additional regulatory provisions are warranted to ensure that Hawaii consumers are afforded certain safeguards when contacted by an exempt agency.

Section 443B-3.5, Hawaii Revised Statutes, which sets forth the exemption from the collection agency law, was enacted in 2000 to, among other things, afford Hawaii registered collection agencies reciprocity with other participating states. This bill is designed to preserve the exemption while ensuring that there is adequate oversight of the conduct of exempt entities that contact Hawaii consumers.

Specifically, the bill provides the following:

- 1) Sets forth the requirements to obtain and maintain the exemption, including the documentation required;

2) Identifies the activities in which an exempt collection agency is prohibited from engaging;

3) Requires the exempt collection agency to notify the Department of disciplinary action or judgment against it within thirty days;

4) Provides for the automatic forfeiture of the exemption if the collection agency fails to maintain a current, unrestricted, and unconditional license in a reciprocal state;

5) Authorizes the Director to initiate court action for unlicensed activity when an exempt out-of-state collection agency operates contrary to the exemption requirements; and

6) Increases the fine amount for all collection agencies from a maximum of \$1,000 to a maximum of \$5,000. The fine amount has not been increased since 1987.

The Department believes that House Bill No. 2508 H.D.1 will allow it to more adequately oversee the growing number of exempt out-of-state collection agencies in a manner that both protects Hawaii's consumers and preserves the reciprocal benefits of exempt out-of-state collection agencies.

Thank you for this opportunity to testify on House Bill No. 2508 H.D.1. I will be happy to answer any questions that the members of the Committee may have.