

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 598  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 598, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CHECK CASHING,"

begs leave to report as follows:

The purpose of this measure is to improve consumer protections in the check cashing industry.

Specifically, this measure:

- (1) Requires check cashers to provide specific additional information relating to deferred deposit transactions and federally approved financial education and credit counseling, posted in the place of business and included in written notices provided to each customer;
- (2) Limits for check cashers entering into a deferred deposit transaction:
  - (A) The cumulative fees that may be charged; and
  - (B) Recoverable damages for dishonored checks;
- (3) Establishes conditions for check cashers entering into a payment plan with a customer, including requirements that a check casher offer:



- (A) An interest-free payment plan with a minimum term of sixty days for customers who are in default; and
  - (B) An extended repayment plan to any customer who has entered into four or more consecutive transactions with that check casher, if the customer timely exercises the option; and
- (4) Repeals the exemption from the check cashers law for persons principally engaged in the retail sale of goods or services and who occasionally cash checks for a fee that does not exceed certain thresholds.

Your Committee received written comments in opposition to this measure from Dollar Financial Group, Inc. and one individual.

Your Committee finds that in a deferred deposit transaction, a check casher, for a fee and pursuant to a written agreement, provides a cash advance secured by the customer's personal check. The check casher agrees to refrain from depositing the check until a subsequent date upon which funds become available for the deposit, which is usually the customer's next pay day. These high-interest, fee-driven loans appeal to vulnerable consumers in need of instant cash and who believe they have no access to traditional financial products or are unaware of more reasonable financing options for short-term credit. This measure provides protection for consumers by increasing consumer awareness and education, limiting check casher fees, expanding the availability of interest-free payment plans, and applying the check casher law to more businesses that engage in this practice.

Your Committee has amended this measure by:

- (1) Repealing the existing fee of \$20 or less that a check casher is authorized to charge for dishonored checks, in light of the amendments in this measure that limit recoverable damages to the principal owed, interest, and legal costs; and
- (2) Making technical nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B.



No. 598, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 598, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




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DAVID Y. IGE, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB598, SD1</b>	Committee Referral: <b>CPN, WAM</b>	Date: <b>3/1/13</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.				✓
TOKUDA, Jill N.				✓
SLOM, Sam		✓		
<b>TOTAL</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>4</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office            Drafting Agency        Committee File Copy				

\*Only one measure per Record of Votes