

STAND. COM. REP. NO.

1644

Honolulu, Hawaii

April 10, 2015

RE: S.B. No. 737  
S.D. 1  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 737, S.D. 1, H.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 amend State laws regarding check cashing businesses by, among other things:

- (1) Limiting the total amount of fees that can be charged for the deferred deposit of a personal check on an annual percentage rate basis;
- (2) Requiring licensed businesses to notify the Department of Commerce and Consumer Affairs ("Department") at the end of each fiscal year if they conducted any deferred deposit transactions;
- (3) Prohibiting a check casher from entering into an agreement for deferred deposit with a customer within five days immediately following the end of the customer's earlier agreement for a deferred deposit; and
- (4) Increasing the fine for a wilful violation of Hawaii's laws relating to cashing checks for a fee to a maximum of \$5,000.

SB737 HD2 HSCR FIN HMS 2015-3212



The Office of Hawaiian Affairs, UNITE HERE Local 5, Aloha United Way, Progressive Democrats of Hawaii, Americans for Democratic Action, PHOCUSED, and many individuals testified in support of this measure. Money Service Centers of Hawaii, Inc.; Money Mart; Dollar Financial Group, Inc.; Community Financial Services Association of America; Hawaii Check Cashing; and several testifiers opposed this measure. The Department of Commerce and Consumer Affairs, Office of Consumer Protection; Hawaiian Community Assets; Hawaii Alliance for Community-Based Economic Development; ILWU Local 142; Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled; Hawaii Appleseed Center for Law and Economic Justice; Catholic Charities Hawaii; Community Alliance on Prisons; Faith Action for Community Equity Hawaii; Community Health Outreach Work Project; Maui Loan LLC; Cash in Advance, Inc.; AARP Hawaii; and many individuals commented on this measure.

Your Committee has amended this measure by removing the annual percentage rate cap for the deferred deposit of a personal check. To create greater enforcement and oversight over the business practices of check cashers, this measure has been further amended by establishing registration, surety, recordkeeping, business examination, and confidentiality standards for check cashing businesses. More specifically, among other things, this measure now:

- (1) Requires check cashing businesses to register with the Department of Commerce and Consumer Affairs, including the payment of registration fees; the requirement of a surety bond, irrevocable letter of credit, or other similar security device acceptable by the Department; and standards for the suspension or revocation of a registration;
- (2) Extends the recordkeeping requirement of all licensed businesses that conduct deferred deposit transactions, to also include a report to the Department on the operations of the check casher's business;
- (3) Authorizes the Department to conduct an annual on-site examination of a registered check casher, including the use of third party investigators, the setting of fees for the examination, and the confidentiality of information gathered pursuant to an examination; and



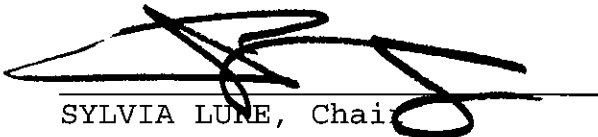
- (4) Authorizes the Director of Commerce and Consumer Affairs to adopt rules to implement the new standards.

Your Committee has also amended this measure by:

- (1) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 737, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 737, S.D. 1, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,

  
SYLVIA LUNE, Chair



