

LATE

HB-2471-SD-1

Submitted on: 4/4/2018 8:14:01 AM
Testimony for WAM on 4/4/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kekoa McClellan	Testifying for H&R Block	Support	Yes

Comments:

Aloha Chair and Honorable Senators,

Thank you for your hard work in seeking protections for Hawai`i consumers against predatory pay day lenders.

In an effort to support your interest in advancing sound legislation that correctly targets and regulates pay day lending we offer this testimony providing an amicable amendment to HB2471 which would ensure that HB2471 does not accidentally loop in unintended products, like stand alone credit lines or tax refund anticipation products, into the measure's definitions.

The 42 H&R Block branches and our 500 employees in Hawaii offer traditional lines of credit and a refund anticipation loan. The traditional line of credit appears to be wholly exempted from this statute but the refund anticipation loan (a 0% interest, \$0 fee, non-recourse product) could be misconstrued as requiring regulation in accordance with this statute. This would limit H&R Block's ability to provide this amenity to their tens of thousands of local customers.

We believe a few amicable amendments can be made which maintain the potency of the measure to crack down on pay day predators while not impugning the ability for firms like H&R Block to continue to provide traditional lines of credit and refund anticipation products:

HB 2471: Recommended changes to clarify that non-payday credit products are not subject to this act (changes in italics)

1. Provide for an explicit exemption
 - Section 32 Exemptions
 - This chapter shall not apply to the following:

(3) An "open end credit plan," as such term is defined in the Truth in Lending Act, 15 U.S.C. § 1602(j); or

(4) A tax refund anticipation loan.

1. Redefine terms to more accurately define the scope of coverage
 - Section 1 Definitions
 - "Small dollar lender" or "lender" means any person who is in the business of offering or making a consumer small dollar loan, who arranges a consumer small dollar loan for a third party, or who acts as an agent for a third party making a small dollar loan, regardless of whether the third party is exempt from licensure under this chapter or whether approval, acceptance, or ratification by the third party is necessary to create a legal obligation for the third party, through any method including mail, telephone, the Internet, or any electronic means.
 - [The term "consumer loan" is never defined in the act]

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 - Section 1 Definitions
 - "Small dollar loan" means a loan made pursuant to this chapter, but does not include (1) an open end credit plan, as such term is defined in the Truth in Lending Act, 15 U.S.C. § 1602(j), or (2) a tax refund anticipation loan.

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 - Section 1 Definitions
 - "Tax refund anticipation loan" means a loan that is secured by or that the creditor arranges to be repaid directly or indirectly from the proceeds of the consumer's income tax refund.

Mahalo for your consideration.

Kekoa McClellan

Spokesperson - H&R Block Hawaii

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HB-2471-SD-1

Submitted on: 4/3/2018 12:08:45 PM

Testimony for WAM on 4/4/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John A. H. Tomoso	Individual	Support	No

Comments:

04-03-18

RE: HB2471 HD1 SD1

I am in support of the Bill Amendments, i.e.

(1) change the monthly maintenance fee structure to be the lesser of 5% of the originally contracted loan amount or \$25, and

(2) require small dollar lenders to offer a variety of loss mitigation options to borrowers who find themselves in sudden financial hardship.

Mahalo,

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