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LATE

To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Wednesday, February 21, 2018
Time: 10:08 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 3008 S.D. 1, Relating to Payday Lending

The Department of Taxation (Department) offers the following comments regarding S.B. 3008, S.D. 1, for your consideration.

Among other things, S.B. 3008, S.D. 1, specifies that a person engaging in the business of a small dollar lender must be licensed by the Commissioner of Financial Institutions (Commissioner). Prior to approving licensure, the Commissioner must find that the person is "financially responsible". Among the factors that the Commissioner may consider is whether or not the person has any current outstanding tax liens. The measure is effective on July 1, 2018, with licensing being required beginning on January 1, 2019.

The Department notes that there are two types of tax liens: the statutory lien and the notice lien. The statutory lien arises automatically whenever a tax debt is owed to the State by virtue of Hawaii Revised Statutes (HRS) section 231-33(b) which provides in relevant part:

> Any state tax which is due and unpaid is a debt due the State and constitutes a lien in favor of the State upon all property and rights to property, whether real or personal, belonging to any person liable for the tax.

This lien is sometimes referred to as a secret lien, because it is known only to the taxpayer and the Department. If the taxpayer transfers property to a good faith third party purchaser for fair value, the statutory lien does not encumber the transferred property.

A notice lien occurs when the Department files a notice of State tax lien in the Bureau of Conveyances in Honolulu, or if the lien is to encumber a motor vehicle, with the county director of finance where the taxpayer resides. Once filed, the tax lien then becomes public knowledge, and it cannot be defeated by a good faith third party purchaser for fair value. This type of tax lien is normally picked up and reported by a credit reporting agency.

If the intent is to include statutory liens, the Department requests authority to release such information to the Commissioner. Otherwise, such information is considered confidential taxpayer information, and disclosure of any such information is strictly prohibited under HRS section 235-116.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
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LATE

TO THE SENATE COMMITTEE ON
WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Wednesday, February 21, 2018
10:08 a.m.

TESTIMONY ON SENATE BILL NO. 3008, S.D. 1, RELATING TO PAYDAY LENDING.

TO THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR, AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on S.B. 3008 S.D. 1, Relating to Payday Lending. My name is Iris Ikeda, and I am the Commissioner of Financial Institutions ("Commissioner") for the Department's Division of Financial Institutions ("DFI"). The Department supports this bill with suggested amendments.

The purpose of this bill is to encourage transparency and increase consumer protection in the payday lending industry by: (1) transitioning from lump sum deferred deposit transactions to installment-based small dollar loan transactions; (2) specifying various consumer protection requirements for small dollar loans; (3) beginning January 1, 2019, requiring licensure for small dollar lenders that offer small dollar loans to consumers; and (4) specifying licensing requirements for small dollar lenders. The bill would enact a new chapter of the Hawaii Revised Statutes ("HRS"), to be administered by DFI, entitled "Small Dollar Installment Loans" ("new chapter").

The bill describes a “small dollar loan” (“loan”) as a consumer loan subject to requirements. Small dollar lenders must be licensed with DFI. The Commissioner issues a license to qualified applicants (“licensees”) through NMLS. A licensee must comply with all statutory requirements relating to business operations, supervision, locations, branches, sale or change of control of the licensee, and others. It must have a principal place of business in the State, with a qualified individual physically present there to oversee and manage it. Licensees may make small dollar loans online.

DFI may examine and investigate a licensee at the licensee’s expense. Books and records must be maintained for at least six years. There are restrictions on assignment and sale of instruments, as well as requirements for license surrender. A licensee must renew its license annually, submit an annual report and audited annual financial statement, disclose material changes in the business, and pay a license renewal fee.

The bill specifies powers of the Commissioner that include enforcement authority. Upon finding a specific violation, the Commissioner may deny an application for licensure, revoke or suspend a license, issue a cease and desist order, order the licensee to refund excess charges to consumers, impose penalties and fines, and take other disciplinary action. If a violation injures an elder, an additional civil penalty may be imposed.

Requested Amendments

1. Staffing Amendments

DFI is self-funded from fees paid by the licensees of its various programs. DFI requests two permanent full-time examiner positions that shall be appointed, without regard to HRS chapter 76, to carry out the purposes of this program. Each program is staffed with examiners who are trained to review the program parameters and to respond to questions from the industry and consumers. One examiner position would be required to immediately establish the program for the industry, and one examiner position would be required, in the following year, to conduct examinations and investigations. Each applicant and licensee pays for their respective programs through fees, and those funds are designed to pay for staffing in the program. In this small dollar loan program, the application fee and renewal fees are set without knowing how many applicants or licensees may apply for licensure and later renewal.

Consequently, in the first year of the small dollar loan program, DFI would need funds of $214,542 to hire two positions to set up the program and to appropriately supervise, regulate, and examine licensees. These figures include employee benefits. To maintain this new program, the program would need to generate revenues sufficient to cover the additional staff members.

2. New Chapter Amendment

The Department suggests amending a provision of the new chapter as follows. “Interest” rate is addressed in new chapter section -4 on bill page 14. DFI suggests using a new term, “total fees,” to avoid confusion as interest rate is a defined term in the financial industry.[1]

Thank you for the opportunity to share the Department’s comments.

[1] Interest rate is an amount of money due per period, as a proportion of the amount lent, deposited, or borrowed.

OFFICE OF INFORMATION PRACTICES

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EMAIL: oip@hawaii.gov

To: Senate Committee on Ways and Means

From: Cheryl Kakazu Park, Director

Date: February 21, 2018, 10:08 a.m.
State Capitol, Conference Room 211

Re: Testimony on S.B. No. 3008, S.D. 1
Relating to Payday Lending

Thank you for the opportunity to submit testimony on this bill, which would set out a regulatory scheme for payday lenders. The Office of Information Practices ("OIP") takes **no position on the substance of this bill, but seeks either clarification or deletion of a confusing subsection (e) of the confidentiality provision at bill pages 59-61.**

OIP does not have concerns with most of the proposed confidentiality provision. This bill proposes that Hawaii would share regulatory information about payday lenders with other states through the NMLS. As OIP understands it, subsection (a) would provide that information that was confidential or privileged in the state submitting it to the NMLS would remain confidential or privileged in the hands of the NMLS; subsection (b) would authorize Hawaii's participation in information sharing through the NMLS; subsection (c) would provide that the confidential or privileged information from (a) could not be disclosed either under another law or in litigation; subsection (d) would provide confidentiality for the Commissioner's examination of a regulated business's books under proposed section __-43; and subsection (f) would clarify that this payday lender confidentiality provision would not apply to the NMLS's information relating to mortgage servicers. **It is subsection (e) that OIP finds confusing.**

Subsection (e) provides that "Notwithstanding any law to the contrary, the disclosure of . . . information . . . that is inconsistent with subsection (a) shall be superseded by the requirements of this section." It is not entirely clear what it means for a disclosure of information to be superseded by a confidentiality statute; possibly the subsection is missing a phrase or was changed from an original model stating that "any law to the contrary requiring the disclosure of . . . information . . . that is inconsistent with subsection (a) shall be superseded by the requirements of this section." If so, however, that would mean that subsection (e) was essentially restating subsection (c)(1), which already provides that information confidential under subsection (a) is not subject to disclosure under any federal or state open record law. Under the current language, OIP would be hard pressed to interpret subsection (e) in an appeal under the Uniform Information Practices Act, chapter 92F, HRS.

OIP therefore recommends that this Committee delete subsection (e), if indeed it serves no purpose other than to reiterate subsection (c)(1) by providing that information confidential under subsection (a) is not required to be disclosed under the UIPA or other open record laws. **Alternatively,** if subsection (e) was intended to have some other meaning, **OIP recommends that this Committee amend its language to make that other meaning clear.**

Thank you for the opportunity to testify.

February 19, 2018

Senate Committee on Ways and Means
Tuesday, February 20, 2018
Conference Room 211

SB3008 – Relating to Payday Lending

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

LINK TO TIMES STORY:

https://www.nytimes.com/2018/02/16/your-money/banks-payday-loans.html
My name is Doreen Rodrigues, and I am one of the owners of Hawaii Check Cashing a locally owned business since 1985.

I'm sure the members of the committee know the Pew Charitable Trusts don't like payday lenders. And the editorial board of the New York Times positively hates us.

So I was very interested to see a story in the news pages of the Times on Feb. 16th about a proposal from Pew to replace payday loans. As you know, Times reporters do not have agendas even if the editorial writers do. What this reporter found contradicts much testimony that you have been given on the subject.

You have been told that if payday lenders are regulated out of business our customers will easily find better, cheaper and more convenient credit. And that is what Times reporter Ann Carrns was told when she set out to report on this story.

That's not what she found though. Let me quote a few sentences:

"The Consumer Financial Protection Bureau issued a regulation last fall that allows banks and credit unions to issue such loans. Whether banks will actually propose to offer them remains to be seen. "

And

"To make such loans workable for borrowers and profitable for banks, underwriting . . . should be automated, the report said. That means banks would mainly make the loans through online and mobile banking applications, and may need to factor in criteria other than traditional credit scores.. . ."

"Speed is crucial, Mr. Horowitz said, because unless the loans are available quickly and easily, borrowers will go elsewhere, since they typically seek payday loans when they are in distress. 'Borrowers will choose payday loans,' he said, 'if banks aren't fast.' "

I was pleased to see that Mr. Horowitz, who is no fan of ours, appreciates the good service that our customers expect from us

But here is the zinger in Ms. Carrns report:

"Banks are in a good position to offer such loans, if regulators approve, Pew suggested."

All this time you have been told that that our customers would find it easy to replace us. If other lenders were really anxious to serve our customers, they would already be competing for them.

The reason most don't is that ours is a difficult and risky business. It will not be so easy to replace our personal knowledge and physical presence with an app.

It is not true for example that everybody has a smart phone. Most of our customers do but some don't. Sometimes the reason they come to us is that their phone service has been shut off and they need money to start it again.

There are real advantages for the customer in having a face-to-face lender that knows him and that he knows.

I am sure that as the New York Times story says, banks could set up automated systems. Hawaii had an automated system to send out missile alerts. We know how well that worked.

Thank you for your time,
Doreen Rodrigues
Hawaii Check Cashing (808) 842-1152

Maui Loan Inc.

LATE

February 19, 2018

Senator Donovan M Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
And Members of the Senate Committee on Ways and Means
Hawaii State Legislature
Honolulu, HI 96813

FROM: Richard Dan, Operations Manager, Maui Loan Inc.

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Senate Committee on Ways and Means

SUBJECT: **SB 3008 SD1 – RELATING TO PAYDAY LENDING**

(Hearing Date: Wednesday, February 21, 2018; Room 211)

Thank you for letting me testify again on the small loan business in Hawaii. I have been a small loan lender statewide in Hawaii for three decades and for forty-two years in Maui County. My business is a small mom and pop operation, employing from ten to over a dozen employees at any given time. I **oppose** SB 3008 SD1 – Relating to Payday Lending.

Here we are once again, session after session trying to fix something that isn't broken, because so far no one has shown that there is a problem with the small loan business in Hawaii that needs fixing.

The introducers of these various bills have relied heavily on reports from a pressure group, the Pew Charitable Trusts, which looked at payday lending across the nation. I am the first to admit that in other states there are serious problems with some of these loans, and there is a superstrate problem with unregulated Internet lenders. Other states have different laws, for example allowing loans on auto titles.

However, there has been no testimony from Hawaii consumers along these lines. The closest came from a woman who with her husband had taken out seven payday loans. That is already illegal in Hawaii and always has been.

Nothing in SB 3008 SD1 changes that. In fact, and this stuns me, SB 3008 SD1 takes away the single most important provision that protects borrowers, which is that they cannot have more than one small loan at a time. Not one small loan per lender, one small loan period.

The law as it stands now, safeguards the consumer from being trapped in a cycle of debt to a payday lender, because at the end of the loan the borrower can walk away. If the borrower has not paid their balance, they still will owe it, but that's true of any unpaid balance with credit cards or any other type of loan. Nothing the payday lender can do can trap the consumer in a cycle of debt.

If you're concerned about people who choose to pay off one loan and then take out a new loan, I have proposed a simple solution: Impose a three-day waiting period between the end of one payday loan and taking out a new one.

That's it. None of the other burdensome provisions in this bill are required or warranted.

That is my testimony in general. But I have some objections to specific parts of the proposed legislation.

First, the background check does not address any problem that anyone has ever alleged in Hawaii, and it conflicts with State law and federal regulation. Both limit looking back at criminal records to the past 10 years.

Hawaii law provides protection for arrest and correct record for prospective and actual employees. Hawaii Revised Statutes section 378-2.5(c), says employers can inquire into an individual's criminal conviction record, provided that the "period shall not exceed the most recent 10 years, excluding periods of incarceration."

This time limit is also found in Rule 609(b) of the Federal Rules of Evidence.

If included at all, this requirement should apply to new as well as to existing lenders in Hawaii. However, this requirement will not do anything to reduce the cost to borrowers, which is supposed to be your goal. These background checks will be very costly. We are talking about small loans and therefore about small amounts of money. Local lenders — the kind you can effectively regulate — make small numbers of loans. These costly regulations will tend to eliminate locally owned and operated small lending businesses.

And that appears to be exactly the purpose of this legislation. The concept of this bill did not originate in Hawaii and the language as written does not benefit Hawaii's local consumers and small businesses. It was written for the benefit of a big national lending company, Dollar Financial, and while it may suit Dollar Financial' s business model it does not do anything for island borrowers. Similar legislation has failed to pass in other states.

Second, in section 34 there is a vague prohibition against licensing any business that has made an Internet loan in violation of this section. I don't know what this means. My business makes Internet loans. Maui County is a multi-island county; no one is going to spend $400 for a plane tickets in order to secure a $200 loan.

I suspect that this line is a gesture toward attempting to impose the State's authority on the totally unregulated Internet payday lending business. I wish you could do that. It would certainly be better if you could drive these unregulated internet lenders away. No other state has been able to do it, and you are not going to be able to do it.

I have no confidence that this Legislature will even attempt to find the kind of money and resources that it would take for financial regulators to do anything about the World Wide Web.

Do not fool yourselves. You are the Hawaii Legislature. You have helped prevent the worst *abuses in the small loan industry from establishing themselves in our islands, but you are not* going to fix the problems in Texas and you're not going to fix the problems in the Internet.

Last I note that Civil Beat, which has been running misleading stories about payday lenders in this state for at least three years now, has a new story. It is not as imbalanced and misleading as in past years. If you read all the way to the end you will see that a company called Dollar Financial has spent $15,000 lobbying on its behalf.

This is special interest legislation masquerading as consumer protection legislation and you should reject it on that ground alone even if it didn't have all the additional flaws which I pointed out to you.

These are just a few comments leading to my **opposition** of this eighty-eight-page proposal. If I can be of assistance in crafting more equitable, accountable and safe legislation as it relates to the matter of small short-term loans and/or payday lending, please contact me at Tel: (808) 242-5555.

Sincerely,

Richard Dan

Richard Dan - Maui Loan Inc.

LATE

To: Senator Donavan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Ways and Means

From: R. Craig Schafer, President, Money Service Centers of Hawaii, Inc.

February 20, 2018

In opposition to SB3008 SD1

Money Service Centers of Hawaii, Inc. is a locally owned and operated money service business (MSB) headquartered in Kapaa, Kauai. We operate fee-based money service centers throughout the State under the trade name PayDayHawaii. Over the past 18 years we have provided check cashing services to over 44,000 Hawaii residents.

SB3008 SD1 attempts to replace deferred deposit transactions authorized under the check cashing law, HRS480F, with an unproven installment loan scheme that is expensive for the State to administer and enforce. The rational for this complete overhaul of the existing law relies on out-of-state data.

SB3008 SD1 is not just bad for our business, but bad for consumers. The bill allows multiple loans by removing the one transaction per consumer provision. The bill encourages long term indebtedness and raises the fees charged to low income and monthly fixed income consumers. While we appreciate the intent of the bill's proponents, this bill harms the very consumers it purports to protect.

SB3008 SD1 favors out-of-state internet lenders and penalizes local storefront lenders having more than one location by charging higher licensing fees. Out-of-state Internet lenders currently operate in Hawaii with impunity, ignoring current Hawaii law and in most cases don't pay GET taxes. We find it is difficult to believe they will bother to apply for a license.

The preamble of the bill cites a study by the Pew Charitable Trust. The Pew Charitable Trust has never studied check cashing businesses operating in Hawaii. Their data and reports are based only on the 48 contiguous states. Often people will take a report from somewhere else. Oregon, North Carolina, and other states. They will try to impose that same situation on Hawaii. It's important to be specific to our State with a different law and different outcomes. We need to look at what is happening in our community from a provable standpoint and not jump to conclusions based on data from the mainland.

The only study on deferred deposit transactions based on Hawaii, was completed by the State Auditor in 2005* and found no evidence of harm to Hawaii consumers from local check cashers. Before considering any legislation that would substantially change HRS480F, the legislature should authorize another audit so that we have more up-to-date data for Hawaii. SB3008 should not be passed based on unsubstantiated anecdotal evidence and studies from other states which do not have the consumer protections we have in our check cashing law.

** Sunrise Analysis: Check Cashing and Deferred Deposit Agreements (Payday Loans). A Report to the Governor and the Legislature of the State of Hawai`i, Report No. 05-11, December 2005.*

Sincerely, R. Craig Schafer,

President, Money Service Centers of Hawaii, Inc.

Hawaii Habitat for Humanity® Association

Building strength and stability through shelter

February 20, 2018

Senate Committee on Commerce, Consumer Protection, and Health
Wednesday, February 21, 2018, 10:08 am
Conference Room 211

SB3008, SD1 – Relating to Payday Lending

Aloha Chair Dela Cruz, Vice-chair Keith-Agaran, and Committee Members:

I am submitting testimony on behalf of Hawaii Habitat for Humanity and six locally-based Habitat organizations across the state. Habitat for Humanity is only one of very few nonprofit organizations that offer homeownership opportunities to low-income residents in Hawaii. Hawaii Habitat for Humanity is a Department of Treasury certified nonprofit Community Development Financial Institution (CDFI). I write in **STRONG SUPPORT of SB3008 SD1**.

Habitat organizations are 501 (c)(3) nonprofit charitable organizations that provide first-time homeownership opportunities to low income families who earn 30-to-80 percent of the area median income to ensure that they have the stability, strength and self-reliance to thrive. However, predatory lending has always undermined those efforts. Without strong lending standards, payday lending threatens the housing security of families by unfairly increasing their debt and placing them into a continuous cycle of financial distress. Habitat homebuyers and potential homebuyers are representative of the population that is inundated with payday lenders because they are low-income and have greater economic instability. Because outstanding payday loan debts are rarely reported and virtually invisible in credit reporting systems, some Habitat homeowners enter into their mortgages with outstanding payday loan debt. This debt undermines Habitat's family selection and underwriting process and threatens the homeowners' ability to repay their mortgages.

SB3008, SD1 closes the loophole that created unaffordable payday loans in 1999 and establishes a regulatory structure for small dollar installment loans with the goal of ensuring affordable monthly payments for our residents, keeping more money in the pockets of our workers and families for rent and mortgage payments. We commend the strides this bill makes in closing that loophole, and believe in protections of the borrower listed below:

- Qualify a borrower based on income AND debt, as is common procedure within the lending industry
- Cap a borrower's maximum debt-to-income at 60% -- again placing a cap is common in lenders' policies and procedures

2051 Young St.#82 • Honolulu, HI 96826 • 808-847-7676 • www.hawaiihabitat.org

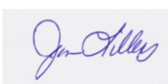
- Require lenders to offer a variety of loss mitigation options – in our own experience as lenders to Hawaii's low income families, these options can make a world of difference for a family in a financial crisis.
- Lower the maximum interest rate to a 25% maximum, but should be based on the borrower's ability to pay.

Hawaii's low income families are struggling more than ever. As one of the highest cost of living states in the Country, housing, health care and education are taking its toll on families who are unable to stabilize their financial situation. While these loans are not always an ideal option, they are options that struggling families will consider in order to get by.

We support SB3008, SD1 to protect Hawaii's low-income families and specifically providing options that will not jeopardize their ability to afford decent homes.

Mahalo for your time, leadership and consideration. Please contact me at 808-847-7676 or jean@hawaiihabitat.org should you have any questions or need additional information.

Sincerely,



Jean Lilley
Executive Director

Habitat for Humanity Hawaii Island
Habitat for Humanity Leeward Oahu
Habitat for Humanity Maui
Honolulu Habitat for Humanity
Kauai Habitat for Humanity
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February 19, 2018

Senate Committee on Ways and Means
Wednesday, February 21, 2018, 10:08am
Conference Room 211

SB3008, SD1 – Relating to Payday Lending

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

I am submitting testimony on behalf of Hawaiian Community Assets (HCA), the State's largest HUD-approved housing counseling agency and its Department of Treasury certified nonprofit Community Development Financial Institution, Hawaii Community Lending, to **STRONGLY SUPPORT SB3008, SD1**. SB3008, SD1 closes the loophole that created unaffordable payday loans in 1999 and establishes a regulatory structure for small dollar installment loans with the goal of ensuring affordable monthly payments for our residents, keeping more money in the pockets of our workers and families for rent and mortgage payments.

Closes Payday Loan Loophole

Currently, payday loans charge borrowers 459% APR. This means that $105 of every $600 borrowed goes toward interest and fees that often leave our State economy as profits for off-shore payday lenders. Less money in our economy leaves less funds for our homeless services, affordable housing, and critical public programs that have been instrumental in keeping our workers and families in permanent housing. With public programs forming a safety net to prevent homelessness, a statewide Coordinated Homeless Entry System providing emergency grants, a robust credit union network offering low-interest loans, and nonprofit loan funds combining financial education with small dollar loans, it is time to close the loophole on payday loans and save our economy and our people money for affordable housing.

Makes Loans Installment Loans Affordable for Your Constituents

SB3008, SD1 defines a regulatory structure for installment loans in Hawaii and caps the total monthly payment of a borrower at 5% of gross monthly income or 6% of net monthly income, whichever is greater. While it is an industry standard for banks, credit unions, and community development financial institutions to factor in a borrower's debt as well as their income when calculating the affordability of a loan, our organization feels the language will achieve the bill's intended goal of ensuring installment loans are affordable for your constituents.

Affordable installment loan payments will result in your constituents saving significant money on interest that can be used to go toward their rent and mortgage, providing more capital for all of us to address our homeless and affordable housing crises.

Importance of Offering a Varity of Loss Mitigation Options
As we witnessed during the mortgage crisis, borrowers must have a variety of loss mitigation options in the event of sudden financial hardship such as loss of a job, reduced work hours, or increased housing payments and living expenses. Loss mitigation options, including forbearance, repayment plans, interest rate reductions, loan term adjustments, and principal reduction helped save lenders, borrowers, and our entire economy billions of dollars in unnecessary foreclosures.

These same loss mitigation options should be available to our workers and families who borrow small dollar installment loans. SB3008, SD1 allows for deferment as a loss mitigation option for borrowers, which is a good start in ensuring borrowers in financial hardship are afforded an appropriate option for relief.

HCA highlights the importance of providing borrowers with (1) affordable monthly payments and (2) a variety of loss mitigation options based on the performance of its loan fund administered by HCL over the last 3 years[1]. As of September 30, 2017, the loan fund had made 184 small dollar loans totaling $337,654 in capital across the state while maintaining a less than 0.5% default rate. Not only did our borrowers address their financial needs with our loan capital, but they went on to access an additional $1.4 million in capital within the mainstream financial system to further assist with sustaining housing stability.

At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 57.6% of our renters pay more than 30% of their monthly income toward housing, we cannot afford any more money to go from the pockets of our workers and families to 459% APR payday loans or unaffordable long-term small dollar installment loans. Close the loophole that created unaffordable payday loans in 1999, establish a regulatory structure that ensures installment loans are affordable for our residents, and keep more money in the pockets of our workers and families for rent and mortgage payments.

Bottom-line: Payday loan reform is an affordable housing issue. Support affordable housing.

PASS SB3008, SD1.

Mahalo for your time, leadership and consideration. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need additional information.

Sincerely,

Jeff Gilbreath
Executive Director

---

[1] Small Dollar Loan Pilot Results. Hawaiian Community Assets and Hawaii Community Lending. Dec 5, 2017

CATHOLIC CHARITIES HAWAIʻI

TESTIMONY IN SUPPORT OF SB 3008, SD1: RELATING TO PAYDAY LENDING

TO: Senator Donovan Dela Crua, Chair, Senator Gilbert Keith-Agaran, Vice Chair, and Members, Committee on Ways and Means
FROM: Terrence L. Walsh, Jr., President and Chief Executive Officer
HEARING: **Wednesday, 2/21/18; 10:10 am; Conf. Rm. 211**

Thank you for the opportunity to provide **written testimony in support of SB 3008, SD1**, which places a cap on the interest for payday loans and other consumer protections. I am Terry Walsh, with Catholic Charities Hawai`i.

Catholic Charities Hawai`i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai`i for over 60 years. CCH has programs serving individuals, elders, children, developmentally disabled, homeless and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai`i. CCH's advocacy priority is reducing poverty in Hawaiʻi and this bill would help with that goal by making the interest rate cap on payday loans more manageable for consumers, thereby helping them to avoid a debt trap.

In 2006 the U.S. Department of Defense made it illegal to make loans with interest rates greater than 36% APR to active-duty service members and their families. Currently, 17 other states have adopted this policy and protected their consumers while allowing affordable small loans. At this rate of interest, borrowers are more likely to be able to pay back their loans without rolling them over into another loan and accruing more debt.

Clearly it is the poor who are using this type of financial product and in Hawaiʻi many people are struggling with the high cost of living. People living below the poverty line are especially hard hit in Hawaii, with the highest cost of shelter in the country. A family of four in Hawaii pays 68% more for food than families on the mainland[1]. The January 2018 "ALICE" report from the Aloha United Way found that nearly half of isle households are living on a survival budget, with barely enough to cover basic needs, much less save for an emergency. This population is frequently teetering at the brink of homelessness. Any change to their financial situation like a decrease in wages or increase in rent might tip them over into homelessness. Some may use a payday loan to get by. It is critical that they are protected from unreasonable rates and fees that will accumulate to create a greater problem for them. The high interest on these loans (e.g 459% APR) threaten families' housing stability.

Without a cap on interest for these loans or other protections, these borrowers may find the debt overwhelming and be unable to pay rent and basic living costs. This pathway INTO homelessness must stop.

We urge your support. We appreciate this opportunity to discuss one of the challenges faced by people living with low incomes. Please contact our Legislative Liaison, Betty Lou Larson, at 373-0356 or bettylou.larson@catholiccharitieshawaii.org, if you have any questions.

[1] Based on the U.S. Department of Agriculture's Thrifty Food Plan, which is used as the basis for Supplemental Nutrition Assistance Program benefits. See http://www.cnpp.usda.gov/usdafoodplanscostoffood.htm.

Pono Hawai‘i Initiative

Josh Frost - President • Kau‘i Pratt-Aquino - Secretary • Patrick Shea - Treasurer
Kristin Hamada • Nelson Ho • Summer Starr

LATE

Wednesday, February 21, 2018

Relating to Senate Bill 3008 Senate Draft 1
Testifying in Support

Aloha, Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means,

The Pono Hawai‘i Initiative (PHI) **supports SB3008 SD1 Relating to Payday Lending**, which transitions from lump sum deferred deposit transactions to installment-based small dollar loan transactions. This bill also specifies various consumer protection requirements for small dollar loans and, beginning January 1, 2019, requires and specifies requirements for licensure for small dollar lenders that offer small loans to consumers

This bill would close a 1999 loophole that created unaffordable payday loans and establishes a regulatory structure to ensure installment loans are affordable for working families by allowing them to keep more money in their pockets.

Currently, payday loans charge borrowers 459% APR. This means that $105 of every $600 borrowed goes toward interest and fees. Those interest payments are fees is money that often leaves our State economy as profits for off-shore payday lenders. That leaves less money in our economy for homeless services, affordable housing, and critical public programs that have been instrumental in keeping our workers and families in permanent housing.

It is time to close the loophole on payday loans, keep more money in our local economy, and allow working people to keep more of their money.

SB3008 SD1 defines a regulatory structure for installment loans in Hawai‘i and caps the total monthly loan payments at 5% of gross monthly income or 6% of net income, whichever is greater. This requirement will achieve the bill’s intended goal of ensuring installment loans are actually affordable.

Affordable installment loan payments will result in significant savings on interest that borrowers can use to put toward their rent and mortgage, providing more capital for all of us to address our homeless and affordable housing crises.

At a time when Hawai‘i reports the highest homeless rate per capita of any state in the nation, when nearly 60% of our renters pay more than 30% of their monthly income on housing, our working people and their families cannot afford to pay the 459% APR on payday loans or unaffordable long-term small dollar installment loans.

It is time to close the 1999 loophole that created unaffordable payday loans. It is time to establish a regulatory structure that ensures installment loans are affordable for locals. And it is time ensure more money remains our local economy and in the pockets of our workers and families.

For all these reasons, we urge you to move this bill forward.

Mahalo,
Gary Hooser
Executive Director
Pono Hawai‘i Initiative, an organization member of the Common Good Coalition

PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

To: Senator Donovan Dela Cruz, Chair, Senator Gilbert Keith-Agaran, Vice Chair, Members, Senate Committee on Ways and Means

From: Trisha Kajimura, Board of Directors

Re: TESTIMONY IN SUPPORT OF SB 3008 SD1 RELATING TO PAYDAY LENDING

Hearing: February 21, 2018, 10:08 AM, CR 211

PHOCUSED is a nonprofit, nonpartisan organization dedicated to increasing the safety for, visibility of, and investment in the children and adults in Hawaii who are marginalized, impoverished, and under-served.

PHOCUSED **SUPPORTS SB 3008, SD1** which closes the loophole that created unaffordable payday loans in 1999, establishes a regulatory structure to ensure installment loans are affordable for our residents, and would keep more money in the pockets of our workers and families for rent and mortgage payments.
Currently, payday loans charge borrowers 459% APR. This means that $105 of every $600 borrowed goes toward interest and fees that often leave our State economy as profits for off-shore payday lenders. Less money in our economy leaves less funds for our homeless services, affordable housing, and critical public programs that have been instrumental in keeping our workers and families in permanent housing. With public programs forming a safety net to prevent homelessness, a statewide Coordinated Homeless Entry System providing emergency grants, a robust credit union network offering low-interest loans, and nonprofit loan funds combining financial education with small dollar loans, it is time to close the loophole on payday loans and save our economy and our people money for affordable housing.

Makes Installment Loans Affordable for Workers and Families
SB3008, SD1 defines a regulatory structure for installment loans in Hawaii and caps the total monthly loan payments at 5% of gross monthly income or 6% of

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PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

net income, whichever is greater. This requirement will achieve the bill's intended goal of ensuring installment loans are affordable for your constituents.

Affordable installment loan payments will result in your constituents saving significant money on interest that can be used to go toward their rent and mortgage, providing more capital for all of us to address our homeless and affordable housing crises.

At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 57.6% of our renters pay more than 30% of their monthly income toward housing, we cannot afford any more money to go from the pockets of our workers and families to 459% APR payday loans or unaffordable long-term small dollar installment loans. Close the loophole that created unaffordable payday loans in 1999, establish a regulatory structure that ensures installment loans are affordable for our residents, and keep more money in the pockets of our workers and families for rent and mortgage payments.

Bottom-line: Payday loan reform is an affordable housing issue. Support affordable housing. **PASS SB3008, SD1**.

Mahalo for the opportunity to testify in support of this measure. Please contact me a trisha.kajimura@mentalhealthhawaii.org or (808)521-1846 if you have any questions.

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Testimony of Hawaiʻi Appleseed Center for Law and Economic Justice
Supporting SB 3008 SD1 -- Relating to Payday Lending
Senate Committee on Ways and Means
Scheduled for hearing on Wednesday, February 21, 2018, 10:08 AM, Conference Room 211

Dear Chair Dela Cruz, Vice Keith-Agaran, and members of the Committee:

Thank you for the opportunity to testify in SUPPORT of **SB 3008 SD1**, which would transition the structure of small dollar loan transactions, specify various consumer protection requirements for such loans, and require licensure for small dollar lenders.

Payday loans in Hawaiʻi were first allowed through a loophole in the law that was created in 1999. Most of the profits of from these small-dollar loans are flowing out of our state's economy to unregulated and uncertified out-of-state payday lenders.

This bill would close the payday loan loophole and establish a regulatory structure for small-dollar installment loans, ultimately giving our workers and families more money to make rent and mortgage payments as well as support the local economy.

Estimates are that payday loans in Hawaiʻi charge borrowers an astounding 459 percent interest rate. Research by the Consumer Financial Protection Bureau finds that "that more than four out of five payday loans are re-borrowed within a month... The majority of short-term loans are borrowed by consumers who take out a least 10 loans in a row, with the borrower paying far more in fees than they received in credit."

In other words, most people who take out paydays loans face repayment terms that set them up to fail. When they are faced with unaffordable payments, they are forced to choose between terrible options, such as taking out more unfair loans to pay off the first one, defaulting on their loan, falling behind on rent and other bills, or declaring bankruptcy. This is not good for them, nor for our overall economy.

SB 3008 SD1 defines a regulatory structure for installment loans in Hawaiʻi and caps the total monthly loan payments at 5 percent of gross income or 6 percent of net income, whichever is greater. This will help keep more money in the pockets of our local workers, families, and businesses by ensuring that small-dollar installment loans are affordable.

We appreciate your consideration of this testimony.

Hawaiʻi Appleseed Center for Law and Economic Justice Hawaii Appleseed is committed to a more socially just Hawaiʻi, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

Mental Health America of Hawai`i

1136 Union Mall, Suite 510
Honolulu, Hawaii 96813
P 808.521.1846 |
B mentalhealthhawaii.org

Helping Hawai'i Live Well

To: Senator Donovan Dela Cruz, Chair, Senator Gilbert Keith-Agaran, Vice Chair, Members, Senate Committee on Ways and Means

From: Trisha Kajimura, Executive Director

Re: TESTIMONY IN SUPPORT OF SB 3008 SD1 RELATING TO PAYDAY LENDING
Hearing: February 21, 2018, 10:08 AM, CR 211

Thank you for hearing our testimony **in support of Senate Bill 3008 SD1**, which closes the loophole that created unaffordable payday loans in 1999 and establishes a regulatory structure for small dollar installment loans with the goal of ensuring affordable monthly payments for our residents, keeping more money in the pockets of our workers and families for rent and mortgage payments.

Mental Health America of Hawaii is a 501(c)3 organization founded in Hawaiʻi 76 years ago, that serves the community by promoting mental health through advocacy, education and service. Payday loans under our current law prey on economically vulnerable workers in our state and trap them in cycles of unaffordable debt that cause enormous stress on individuals and families. Stress at these toxic levels can harm or worsen mental health. Since we have better options for small personal loans in our community, there is no reason to allow this practice to continue.

Payday Loan Services allow for quick, short-term loans in times of need. However, these loan services often operate in predatory ways such as stipulating high interest rates, conducting business without a license or from outside of the U.S., and including hidden fees in term agreements. These often result in becoming stuck in a cycle of debt, vulnerable to scams, potentially losing money as well as being at risk for identity theft.[1] Most borrowers, about 69%, use payday loans to cover ordinary living expenses such as rent, food, bills, etc. as opposed to unexpected emergencies.[2] Taking into account a person who is living paycheck-to-paycheck, these payday loans only exacerbate the cycle of debt which can have some negative mental health implications. Research has shown that financial difficulties are associated with stress, anxiety, depression, mental illness and suicide.[3]

Thank you for considering my **testimony in support of HB SB 2988**. Please contact me at trisha.kajimura@mentalhealthhawaii.org or (808)521-1846 if you have any questions.

---

[1] Huffington Post – 5 Ways to Protect Yourself from Payday Loan Scams (https://www.huffingtonpost.com/nextadvisorcom/5-ways-to-protect-yoursel_b_5638533.html)

[2] The PEW Charitable Trusts – Payday Lending in America (http://www.pewtrusts.org/en/multimedia/data-visualizations/2012/payday-lending-in-america)

[3] Moore, T. H. M., Kapur, N., Hawton, K., Richards, A., Metcalfe, C. & Gunnell, D. (2017). Interventions to reduce the impact of unemployment and economic hardship on mental health in the general population: A systematic review. *Psychological Medicine, 47*(6), 1062-1084.

COMMUNITY ALLIANCE ON PRISONS

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COMMITTEE ON WAYS AND MEANS
Senator Donovan DelaCruz, Chair
Senator Gil Keith-Agaran, Vice Chair
Wednesday, February 21, 2018
10:08 am
Room 211

SB 3008 SD1 – RE: PAYDAY LENDING - SUPPORT

Aloha Chair DelaCruz, Vice Chair Keith-Agaran and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies in Hawai`i for more than two decades. This testimony is respectfully offered on behalf of all the people who have died in our facilities including, JESSICA FORTSON, JOEY O`MALLEY, DAISY KASITATI, ASHLEY GREY. and the approximately 5,500 Hawai`i individuals living behind bars or under the "care and custody" of the Department of Public Safety on any given day. We are always mindful that approximately 1,600 of Hawai`i's imprisoned people are serving their sentences abroad thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Kanaka Maoli, far, far from their ancestral lands.

SB 3008 SD1 transitions from lump sum deferred deposit transactions to installment-based small dollar loan transactions. Specifies various consumer protection requirements for small dollar loans. Beginning January 1, 2019, requires licensure for small dollar lenders that offer small dollar loans to consumers. Specifies licensing requirements for small dollar lenders. (SD1)

Community Alliance on Prisons supports this measure. Payday loans were first created through a loophole in Hawaii's 480-F statute in 1999, which has primarily benefitted the profit margins of off-shore businesses that are not regulated, nor certified by any government agency.

This bill seeks to rein in this industry that preys on people struggling to make ends meet, such as those recently released from correctional facilities.

Payday loans charge Hawaii borrowers 459% APR. This means that $105 of every $600 borrowed goes toward interest and fees that often leave our State economy as profits for off-shore payday lenders. Less money in our economy leaves less funds for our homeless services, affordable housing, and critical public programs that have been instrumental in keeping our workers and families in permanent housing. This begs the question: Cui Bono? Who Benefits? It doesn't seem that the people who need emergency funds benefit in the long run as they get sucked further down the debt spiral.

Consumers who borrow payday loans "are being set up to fail with loan payments that they are unable to repay. Faced with unaffordable payments, cash-strapped consumers must choose between defaulting, re-borrowing, or skipping other financial obligations like rent." That is why we support amending the bill to require lenders to qualify borrowers based on their income AND debt, cap a borrower's maximum debt-to-income ratio at 60%, and require lenders to offer loss mitigation options in the event of financial hardship.

An article entitled, *Being Poor Is More Expensive Than You'd Think,*[1] highlights how the payday lending industry exploits some of the most vulnerable people in our communities.

> *Payday lending is one of the most sinister ways that large corporations exploit poor people. For those who are not familiar, payday lending goes something like this: People who are running short on money but who have a verified record of regular income (whether it be Social Security, SSI, payroll, etc.) are able to go to payday lenders and receive a cash loan to be repaid on payday. Often, borrowers are unable to repay their full loan balances and simply "roll over" their loan until a future payday, accruing all sorts of fees and additional interest. The annualized interest rate on these loans is often in the triple digits. Yes, that's right. Sometimes the annual interest rate is over one hundred percent.*
>
> *In defense of this practice, many payday lenders and their high-dollar lobbyists argue that they are simply offering a service to poor borrowers that said borrowers cannot obtain anywhere else. This is partially true. The poorest members of society have no access to traditional forms of credit. Some even lack access to checking accounts because of low credit scores or a history of financial missteps.*
> *(…)*
> *When poor people have little option but to do business with discount retailers who charge cash-back fees, rent-to-own retailers who charge inflated prices, and payday lenders who mire their customers neck-deep in impossible-to-pay-back high-interest loans, they are even less likely to ever escape poverty. The stark reality is that poor people often pay substantially more for essentials – bedding, appliances, housing – than would those of us with means.*

Community Alliance on Prisons urges the committee to this bill. Mahalo for this opportunity to testify.

"An imbalance between rich and poor
is the oldest and most fatal ailment of all republics."

Plutarch
Greek historian

[1] Being Poor Is More Expensive Than You'd Think, By Joshua Wilkey / This Appalachian Life, August 8, 2017. http://www.alternet.org/economy/being-poor-more-expensive-youd-think

SB-3008-SD-1
Submitted on: 2/20/2018 8:22:23 AM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Liliana Napoleon	Testifying for Hawaii Community Assets	Support	No

Comments:

Close the payday loan loophole and support affordable housing by establishing a regulatory structure that would ensure small dollar installment loans are affordable for our residents.

LATE

Senate Committee on Ways & Means

Hawaiʻi Alliance for Progressive Action supports SB3008 SD1

Dear Chair Dela Cuz, Vice Chair Keith-Agaran, and members of the Committees,

On behalf of the Hawaii Alliance for Progressive Action (HAPA), I am testifying in support of SB3008 SD1.

HAPA is a statewide environmental, social and economic justice organization. HAPA engages over 10,000 local residents annually through our work.

SB3008, SD1 closes the loophole that created unaffordable payday loans in 1999, establishes a regulatory structure to ensure installment loans are affordable for our residents, and would keep more money in the pockets of our workers and families for rent and mortgage payments.

Currently, payday loans charge borrowers 459% APR. This means that $105 of every $600 borrowed goes toward interest and fees that often leave our State economy as profits for off-shore payday lenders. Less money in our economy leaves less funds for our homeless services, affordable housing, and critical public programs that have been instrumental in keeping our workers and families in permanent housing. With public programs forming a safety net to prevent homelessness, a statewide Coordinated Homeless Entry System providing emergency grants, a robust credit union network offering low-interest loans, and nonprofit loan funds combining financial education with small dollar loans, it is time to close the loophole on payday loans and save our economy and our people money for affordable housing.

Makes Installment Loans Affordable for Workers and Families
SB3008, SD1 defines a regulatory structure for installment loans in Hawaii and caps the total monthly loan payments at 5% of gross monthly income or 6% of net income, whichever is greater. This requirement will achieve the bill's intended goal of ensuring installment loans are affordable for your constituents.

Affordable installment loan payments will result in your constituents saving significant money on interest that can be used to go toward their rent and mortgage, providing more capital for all of us to address our homeless and affordable housing crises.

At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 57.6% of our renters pay more than 30% of their monthly income toward housing, we cannot afford any more money to go from the pockets of our workers and families to 459% APR payday loans or unaffordable long-term small dollar installment loans. Close the loophole that created unaffordable payday loans in 1999, establish a regulatory structure that ensures installment loans are affordable for our residents, and keep more money in the pockets of our workers and families for rent and mortgage payments.

Bottom-line: Payday loan reform is an affordable housing issue. Support affordable housing. **PASS SB3008, SD1**.

Respectfully,

Anne Frederick, Executive Director
Hawaiʻi Alliance for Progressive Action (H.A.P.A.)

The Hawaiʻi Alliance for Progressive Action (HAPA) is a public non-profit organization under Section 501(c)(3) of the Internal Revenue Code. HAPA's mission is to catalyze community empowerment and systemic change towards valuing ʻaina (environment) and people ahead of corporate profit.

LATE

SB-3008-SD-1
Submitted on: 2/20/2018 3:04:45 PM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Choon James	Testifying for CountryTalkStory.com	Support	Yes

Comments:

STRONGLY SUPPORT SB 3008 to Limit Loan Sharks %

Aloha Hawaii legislators:

- It's incredibly awful and egregious that there isn't a law that protects the most vulnerable in our society.
- Why is this so hard for any politician to understand that loan sharking is not a business. 456% Interest? Really? It's legalized gouging and exploitation of poor people. The poor people get poorer in these circumstances. The existing high interest rates are too outrageous!
- 36% is a good start.

Please do something good for the people who need it most this session. Get rid of the outrageous loan sharking interests. Cap it at 36% with no other ties for this session.

Put them on notice that you will reduce it more the next session - this will allow the loan sharks to phase out of this business.

Lastly, if you can give the runaway Honolulu Rail a bailout of $2.4 BILLION last session, you can set up a little fund to help desperate Hawaii's residents with mini loans at a much lower interest rate than these loan sharks are offering.

Mahalo,

Choon James

808 293 9111

ChoonJamesHawaii@gmail.com

SB-3008-SD-1
Submitted on: 2/19/2018 2:19:27 PM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lahela Williams	Individual	Support	No

Comments:

I **STRONGLY SUPPORT SB3008, SD1**.

SB3008, SD1 closes the loophole that created unaffordable payday loans in 1999, establishes a regulatory structure to ensure installment loans are affordable for our residents, and would keep more money in the pockets of our workers and families for rent and mortgage payments.

Currently, payday loans charge borrowers 459% APR. This means that $105 of every $600 borrowed goes toward interest and fees that often leave our State economy as profits for off-shore payday lenders. Less money in our economy leaves less funds for our homeless services, affordable housing, and critical public programs that have been instrumental in keeping our workers and families in permanent housing. With public programs forming a safety net to prevent homelessness, a statewide Coordinated Homeless Entry System providing emergency grants, a robust credit union network offering low-interest loans, and nonprofit loan funds combining financial education with small dollar loans, it is time to close the loophole on payday loans and save our economy and our people money for affordable housing.

Makes Installment Loans Affordable for Workers and Families

SB3008, SD1 defines a regulatory structure for installment loans in Hawaii and caps the total monthly loan payments at 5% of gross monthly income or 6% of net income, whichever is greater. This requirement will achieve the bill’s intended goal of ensuring installment loans are affordable for your constituents.

Affordable installment loan payments will result in your constituents saving significant money on interest that can be used to go toward their rent and mortgage, providing more capital for all of us to address our homeless and affordable housing crises.

At a time when Hawaii reports the highest homeless rate per capita of any state in the nation and 57.6% of our renters pay more than 30% of their monthly income toward housing, we cannot afford any more money to go from the pockets of our workers and families to 459% APR payday loans or unaffordable long-term small dollar installment loans. Close the loophole that created unaffordable payday loans in 1999, establish a regulatory structure that ensures installment loans are affordable for our residents, and keep more money in the pockets of our workers and families for rent and mortgage payments.

Bottom-line: Payday loan reform is an affordable housing issue. Support affordable housing. **PASS SB3008, SD1**.

SB-3008-SD-1
Submitted on: 2/19/2018 9:46:33 AM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Ching	Individual	Support	No

Comments:

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members:

I strongly support SB3008, SD1. SB3008, SD1 closes the loophole that created unaffordable payday loans in 1999 and establishes a regulatory structure for small dollar installment loans with the goal of ensuring affordable monthly payments for our residents, keeping more money in the pockets of our workers and families for rent and mortgage payments.

Thank you for the opportunity to testify.

Randy Ching / Honolulu

LATE

SB-3008-SD-1
Submitted on: 2/20/2018 4:22:28 PM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Blair	Individual	Support	No

Comments:

LATE

SB-3008-SD-1
Submitted on: 2/20/2018 5:10:18 PM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Barry	Individual	Support	No

Comments:

Aloha,

I strongly support SB 3008. Raising the minimum wage to 15.00 as well.

Study: Hawaii Residents Are The Deepest In Debt

Hawaii residents don't earn enough money to offset expensive rent, student loans and consumer debt.

By Anita Hofschneider / About 2 hours ago

Share6

In a recent study of household debt, Hawaii came in dead last.

Residents of the Aloha State are paying more debt relative to their incomes than residents of any other state, according to a new analysis from Credible, a company that helps consumers compare loan terms.

The study found Hawaii residents on average spend more than 36 percent of their income on debt. Washington came next, with just over 32 percent.

Money Mart on Atkinson Drive offers cash-strapped consumers payday loans at 459 annual percent rate.

Cory Lum/Civil Beat

Hawaii residents generally spend $238 per month on credit card debt, higher than the national average of $207. Only Minnesota residents have higher monthly credit card debt at $241 per month.

The average student loan payment is $385 per month in Hawaii, just up from the national average of $370. The average monthly housing payment in the Aloha State is $1,091 — the fourth highest in the nation. The national average for housing costs was $906.

Overall, the study found the average monthly debt in Hawaii is $1,714, compared to the national average of $1,500 per month for debt including credit card bills, student loans and housing.

The debt wouldn't be so burdensome if incomes were higher. But the study found the average income in Hawaii is $56,889. That's a lot lower than other expensive states like New York, where the average income is nearly $65,000 or California, where the average income exceeds $71,000.

The results aren't surprising in Hawaii, where the high cost of living is a persistent problem and salaries are unusually low. The state is largely dependent on the tourism and service industries and lacks the same number of high-paying jobs you can find in the Bay Area or New York.

Credible's findings are in line with previous similar studies. Last year, the state Department of Business, Economic Development and Tourism found Hawaii's total consumer debt per capita was the second highest in the nation.

A study from a local nonprofit in January found nearly half of Hawaii residents struggle to make ends meet and another study by the real estate website Apartment List last fall found that paying rent in Hawaii just keeps getting harder.

The high cost of living is part of the reason why lawmakers are considering raising the minimum wage and increasing regulations for high-interest payday loans.

Mahalo,

Ms. Barbara Barry

LATE

SB-3008-SD-1
Submitted on: 2/21/2018 5:50:48 AM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
DONNIE BECKER	Individual	Support	No

Comments:

"MOST PAY DAY LOANS ARE UN-AFFORDABLE".....

THUS TAKING ADVANTAGE OF THE UN-ADVANTAGED..........~!!

THIS IS PLAIN WRONG HAWAII........

LATE

SB-3008-SD-1
Submitted on: 2/21/2018 11:05:03 AM
Testimony for WAM on 2/21/2018 10:08:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Marion McHenry	Individual	Support	No

Comments:

I strongly support this measure to protect the vulnerable public using these services.

<u>SB-3008-SD-1</u>
Submitted on: 2/21/2018 2:32:52 PM
Testimony for WAM on 2/21/2018 10:08:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Samuel John	Individual	Support	No

Comments: