
HOUSE CONCURRENT RESOLUTION

REQUESTING THE AUDITOR TO CONDUCT A FOLLOW-UP ANALYSIS TO REPORT
NO. 05-11 ON PAYDAY LOANS.

1 WHEREAS, in December 2005, the Auditor issued Report No.
2 05-11, *Sunrise Analysis: Check Cashing and Deferred Deposit*
3 *Agreements (Payday Loans)*; and
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5 WHEREAS, in Report No. 05-11, the Auditor recommended
6 several changes to strengthen Chapter 480F, Hawaii Revised
7 Statutes, the law regulating payday lending, including
8 instituting a mandatory registration program for all payday
9 lenders with the Department of Commerce and Consumer Affairs;
10 and
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12 WHEREAS, the recommendations in Report No. 05-11 have not
13 yet been adopted by the Legislature; and
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15 WHEREAS, the data in Report No. 05-11 is over fourteen
16 years old and studies in other jurisdictions do not include
17 Hawaii consumers or regulations similar to Chapter 480F, Hawaii
18 Revised Statutes; and
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20 WHEREAS, persons who act or hold themselves out as check
21 cashers are not presently required to be licensed, certified,
22 registered, or otherwise regulated by the State; and
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24 WHEREAS, S.B. No. 2587, introduced during the Regular
25 Session of 2020, proposes to require the licensure of small
26 dollar lenders; and
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28 WHEREAS, section 26H-6, Hawaii Revised Statutes, requires
29 new measures, subjecting unregulated professions and vocations
30 to licensing or other regulatory controls, to be referred to the
31 Auditor for analysis; now, therefore,



1 BE IT RESOLVED by the House of Representatives of the
2 Thirtieth Legislature of the State of Hawaii, Regular Session of
3 2020, the Senate concurring, that the Auditor is requested to
4 conduct a follow-up analysis to Report No. 05-11; and
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6 BE IT FURTHER RESOLVED that, as part of the analysis, the
7 Auditor is requested to:
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- 9 (1) Determine the number of storefront and internet check
10 cashing companies and locations operating under
11 chapter 480F, Hawaii Revised Statutes;
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- 13 (2) Collect data on the use, complaint history, and impact
14 of short-term lending, as allowed under Chapter 480F,
15 Hawaii Revised Statutes, on Hawaii consumers;
16
- 17 (3) Analyze the advantages and disadvantages of licensure
18 and other forms of regulation of short-term lenders
19 and check cashers, including associated expenses;
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- 21 (4) Compare regulation of check cashers under Chapter
22 480F, Hawaii Revised Statutes, with regulations in
23 other states;
24
- 25 (5) Analyze the economic impact on consumers and check
26 cashers of the regulations in other jurisdictions
27 comparing interest rates, fees, repayment period, and
28 annual percentage rates;
29
- 30 (6) Analyze the availability and cost of alternative
31 credit products to deferred deposits under Chapter
32 480F, Hawaii Revised Statutes;
33
- 34 (7) Analyze payday lender complaints to the Department of
35 Commerce and Consumer Affairs for the past ten years,
36 including internet payday lenders;
37
- 38 (8) Analyze the role of short-term lending in the
39 underserved, unbanked credit market in Hawaii and the
40 United States, and the role of credit unions, banks,



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1 and community development financial institutions in
2 this market; and
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- 4 (9) Recommend compliance, training, and examination
- 5 standards for federal and state laws and regulations
- 6 that apply to financial services offered under Chapter
- 7 480F, Hawaii Revised Statutes; and
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9 BE IT FURTHER RESOLVED that the Auditor is requested to
10 submit a report of its findings and recommendations, including
11 any proposed legislation, to the Legislature no later than
12 twenty days prior to the convening of the Regular Session of
13 2021; and
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15 BE IT FURTHER RESOLVED that certified copies of this
16 Concurrent Resolution be transmitted to the Auditor and Director
17 of Commerce and Consumer Affairs.
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OFFERED BY:

<p><u>D. P. Holt</u></p> <p><u>Ch. T. All</u></p> <p><u>S. C. H.</u></p>	<p><u>Mildred K. Nishimura</u></p> <p><u>and</u></p> <p><u>T. J. Clark</u></p> <p><u>Linda L. Linder</u></p> <p><u>M. J. N. Hill</u></p>
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