

Honolulu, Hawaii

, 2019

APR 05

RE: S.B. No. 537
S.D. 2
H.D. 3

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 537, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose of this measure is to transition allowable short-term lending within the State from deferred deposit check cashing (payday lending) to installment-based small dollar loans.

After holding an initial hearing on this measure, your Committee made available for public review a proposed draft of S.B. No. 537, H.D. 3 (Proposed Draft). The Proposed Draft retains the measure as received by your Committee as part I. Further, the Proposed Draft, under part II, preserves payday lending but implements certain additional regulations by:

- (1) Requiring check cashers that conduct payday lending to register with the Department of Commerce and Consumer Affairs (DCCA);
- (2) Requiring check cashers that conduct payday lending to offer customers the option of participating in a payment plan after three consecutive deferred deposit



transactions or during instances of financial hardship;
and

- (3) Specifying other consumer protection measures, including limiting the number of outstanding transactions a customer may have and instituting notice requirements.

Lastly, the Proposed Draft requires the Auditor to conduct a sunrise analysis for the regulation of payday lenders.

Mental Health America of Hawai'i, Hawai'i Appleseed Center for Law and Economic Justice, Catholic Charities Hawai'i, Hawaiian Community Assets, Young Progressives Demanding Action, Pono Hawai'i Initiative, PHOCUSED, and several individuals submitted testimony in support of this measure as it was received by your Committee. Dollar Financial Group, Colortyme Rent to Own and Payday Loans, Money Service Centers of Hawaii, Inc., PayDayHawaii Stadium Mall, and an individual submitted testimony in opposition to this measure as it was received by your Committee. DCCA submitted comments on this measure as it was received by your Committee.

Catholic Charities Hawai'i submitted testimony in support of the Proposed Draft. PayDayHawaii submitted testimony in opposition to the Proposed Draft. The Office of the Auditor, DCCA, Money Service Centers of Hawaii, Inc., Dollar Financial Group, and Online Lenders Alliance submitted comments on the Proposed Draft.

Your Committee has amended this measure by adopting the Proposed Draft. Your Committee has further amended this measure by 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. 537, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 537, S.D. 2, H.D. 3.



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

A handwritten signature in black ink, appearing to be 'Sylvia Luke', written over a horizontal line.

SYLVIA LUKE, Chair



