

Honolulu, Hawaii

FEB 24 , 2021

RE: H.B. No. 1192
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1192, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to transition the market of payday loans in the State to installment loans over a two-year period. Specifically, this measure:

- (1) Establishes a framework for providing new viable installment loan transactions;
- (2) Implements certain consumer protection measures for customers who enter into deferred deposit transactions with check cashers, including:
 - (A) Requiring a check casher to offer a voluntary payment plan for deferred deposit transactions; and
 - (B) Requiring check cashers to take reasonable measures to ensure that customers are limited to one deferred deposit transaction at a time;
- (3) On July 1, 2023, repeals the statutory authorization for deferred deposit transactions in the State;



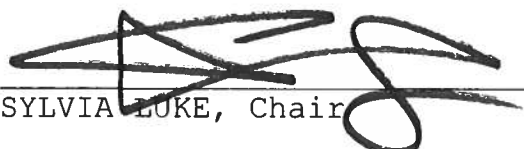
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- (4) Requires the Division of Financial Institutions of the Department of Commerce and Consumer Affairs to report on the implementation of this measure and an update on the progress of transitioning check cashers that enter into deferred deposit transactions to installment lenders; and
- (5) Authorizes the Division of Financial Institutions to establish and hire two full-time equivalent (2.0 FTE) permanent examiners to carry out the purposes of the installment loan program, funded via an increase to the ceiling of the Compliance Resolution Fund.

Your Committee received testimony in support of this measure from the Dollar Financial Group. Your Committee received testimony in opposition to this measure by Maui Loan Inc. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs.

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 H.B. No. 1192, H.D. 1, and recommends that it pass Third Reading.

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



SYLVIA LUKE, Chair



