

STAND. COM. REP. NO.

1765

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 1027  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1027, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO MONEY TRANSMITTERS  
MODERNIZATION ACT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Enable timely, coordinated, and efficient regulation of money transmission companies to achieve financial stability and economic growth, while providing consumer protection; and
- (2) Allow the State to share resources, data, and technology tools with other states to create a stronger multi-state system of financial regulation.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; ALTRES, Inc.; and The Payroll Group. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Independent Payroll Providers Association.



Your Committee finds that the business of money transmitters has evolved with advances in financial technology. However, the State's existing laws regulating money transmitters do not reflect the modern advances in technology or provide sufficient consumer protection. This measure aligns the State's money transmitters law with the Model Money Transmitters Modernization Act (Model Act), thus providing the benefit of a stronger multi-state system of financial regulation.

Your Committee notes that H.B. No. 1027, H.D. 2, amended the definitions of "money", "money transmission", "outstanding money transmission obligation", and "payment instrument" to align them with their respective definitions under the Model Act. However, the Division of Financial Institutions, who requested this administrative measure, purposefully and intentionally did not accept the proposed Model Act definitions to exclude regulating digital currency. Therefore, amendments to this measure are necessary to revert these definitions to the language set forth in the H.D. 1 of this measure.

Accordingly, your Committee has amended this measure by:

- (1) Amending the definitions of "money", "money transmission", "outstanding money transmission obligation", and "payment instrument" to conform to their respective definitions as provided in H.B. No. 1027, H.D. 1; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1027, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1027, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

  
\_\_\_\_\_  
JARRETT KEOHOKALOLE, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>HB1027 HD2</b>	Committee Referral: <b>CPN</b>	Date: <b>3/29/23</b>
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The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton			✓	
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>0</b>

Recommendation:    
 Adopted    
 Not Adopted

Chair's or Designee's Signature:  


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\*Only one measure per Record of Votes