

JAN 24 2024

A BILL FOR AN ACT

RELATING TO INSTALLMENT LOANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 480J-1, Hawaii Revised Statutes, is
2 amended by amending the definition of "installment lender" or
3 "lender" to read as follows:

4 ""Installment lender" or "lender" means any person not
5 exempt under section 480J-32 who is in the business of offering
6 or making [~~a consumer~~] an installment loan, who arranges [a
7 ~~consumer~~] an installment loan for a third party[~~7~~] required by
8 this chapter to be licensed, or who acts as an agent for a third
9 party [~~7, regardless of whether the third party is exempt from~~
10 ~~licensure under this chapter or whether approval, acceptance, or~~
11 ~~ratification by the third party is necessary to create a legal~~
12 ~~obligation for the third party,~~] required by this chapter to be
13 licensed with respect to the third party's offering, making, or
14 arranging of installment loans, through any method including
15 mail, telephone, the Internet, or any electronic means."

16 SECTION 2. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

S.B. NO. 3076

1 SECTION 3. This Act, upon its approval, shall take effect
2 on July 1, 2024.

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INTRODUCED BY: 

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BY REQUEST

S.B. NO. 3076

Report Title:

Installment Lender; Lender; Division of Financial Institutions

Description:

Focuses the law on its intended scope, installment lenders, and clarifies that the law is not intended to eliminate the ability of lenders to make low interest rate loans under the interest and usury law. Removes the term "consumer loan" to consistently use the defined term "installment loan" in the statute.

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JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO INSTALLMENT LOANS.

PURPOSE: To focus the law on its intended scope, installment lenders, and to clarify that the law is not intended to eliminate the ability of lender to make low interest rate loans under the interest and usury law. To remove the term "consumer loan" to consistently use the defined term "installment loan" in the statute.

MEANS: Amend section 480J-1, Hawaii Revised Statutes, by amending the definition of "installment lender" or "lender".

JUSTIFICATION: Currently, the installment loan law includes the term consumer loan in the definition of installment lender. This law will update the definition of "installment lender" by inserting the term "installment loan" in place of the term "consumer loan", thereby consistently using the defined term, "installment loan".

Impact on the public: None.

Impact on the department and other agencies: These amendments will help the Division of Financial Institutions license, regulate, and supervise installment lenders and provide more clarity to licensees.

GENERAL FUNDS: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: CCA-104.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: July 1, 2024.