

Honolulu, Hawaii  
MAR 15, 2024

RE: S.B. No. 2112  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2112 entitled:

"A BILL FOR AN ACT RELATING TO INSTALLMENT LOANS,"

begs leave to report as follows:

The purpose of this measure is to amend the definition of "installment lender" under the laws governing higher interest installment loans to clarify that traditional financial institutions retain the authority to make low-interest rate loans under the laws governing interest and usury.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that Act 56, Session Laws of Hawaii 2021 (Act 56), was enacted to provide an alternative financial product in place of payday loans, which trapped consumers in unsustainable cycles of debt through high fees. However, there is some confusion as to whether Act 56 prevents traditional financial institutions from making low-interest loans under the interest and usury law. This measure amends the definition of "installment lender" under the laws governing higher interest installment loans to clarify that traditional financial institutions retain the ability to make low-interest loans under the interest and usury law.



Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2112, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2112, H.D. 1, and be referred to your Committee on Finance.

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

  
MARK M. NAKASHIMA, Chair



