

Honolulu, Hawaii

FEB 11 , 2025

RE: H.B. No. 1048
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1048 entitled:

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

begs leave to report as follows:

The purpose of this measure is to make clarifying amendments to the installment loans law, including:

- (1) Using defined terms consistently;
- (2) Requiring lenders to prorate fees on a daily basis;
- (3) Allowing lenders to charge a convenience fee for debit card payments;
- (4) Requiring paper receipts only for in-person or cash payments and removing the requirement that receipts not contain the consumer's name; and
- (5) Repealing the cool down period between loans.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Your Committee received testimony in opposition to this measure from the American Fintech Council.



Your Committee finds that the existing installment loan law allows lenders writing loan contracts to fully capture the maximum monthly maintenance fees even if the lender provides service for only a portion of the month. This measure will require lenders to prorate the monthly fees daily.

Your Committee further finds that the existing installment loan law requires a three-day waiting period between loans. The original intent for the three-day waiting period was so that borrowers would not be in a continuous cycle of debt by repaying the loan and borrowing again on the same day. However, unlike payday loans, which the installment loan law replaced, installment loans are gradually paid down through a series of payments. The repeal of the waiting period will allow consumers on the neighbor islands, which only have access to one or two lenders, to have more access to financial services.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion;
- (2) Inserting a three-year sunset date of June 30, 2028; and
- (3) 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 H.B. No. 1048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1048, 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,



SCOT Z. MATAYOSHI, Chair



