

Honolulu, Hawaii

FEB 27 2025RE: S.B. No. 1367
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which
was referred S.B. No. 1367 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify the intended scope of chapter 480J, Hawaii Revised Statutes, which regulates installment lenders, and clarify that the law does not eliminate the ability of lenders to make low-interest rate loans under existing interest and usury laws;
- (2) Replace the term "consumer loan" with the defined term "installment loan" for consistency throughout the statutes;
- (3) Require loan maintenance fees to be prorated daily to prevent consumers from incurring fees once the loan is paid off;
- (4) Allow lenders to charge a convenience fee of up to \$5 for debit card payments, providing consumers more options for repayment and protections in the event of insufficient funds;



- (5) Streamline the loan repayment process by requiring paper receipts only for in-person or cash payments and increase consumer privacy by removing consumer names from receipts; and
- (6) Repeal the requirement for lenders to wait three days after a consumer fully repays a loan before issuing a new installment loan.

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

Your Committee finds that existing law has enabled installment lenders writing loan contracts to fully capture the maximum in monthly maintenance fees even if they provided service for only a fraction of a month. This administration measure will address this issue by requiring lenders to prorate monthly fees daily and making other changes to the concerning installment lenders to improve consumer protections. Your Committee further finds that unlike payday loans, installment loans are gradually paid down through a series of payments. This measure will repeal the three-day waiting period pertaining to installment loans, ensuring that neighbor island residents, who may only have one or two lenders for the entire island, have more access to financial services.

Your Committee has amended this measure by:

- (1) Clarifying that the \$5 convenience fee shall not be considered a loan charge;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) 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 S.B. No. 1367, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1367, 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-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SBI367	Committee Referral: CPN	Date: 2/14/25
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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	✓			
TOTAL	5			

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:
Carol Fukunaga

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*Only one measure per Record of Votes