

Honolulu, Hawaii

FEB 29 2024

RE: S.B. No. 2112

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, 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 and intent of this measure is to amend the definition of the term "installment lender" under chapter 480J, Hawaii Revised Statutes (HRS), which governs installment loans, to:

- (1) Clarify that the law is not intended to eliminate the ability of lenders to make low interest rate loans under the interest and usury law; and
- (2) Consistently use the defined term "installment loan" by deleting the term "a consumer loan" and replacing it with "installment loans".

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

Your Committee finds that Act 56, Session Laws of Hawaii 2021 (Act 56), codified as chapter 480J, HRS, was enacted, in part, to establish a framework for providing new, viable installment loan transactions with appropriate consumer protections to ensure that future installment loans would contain reasonable terms and fees.



However, your Committee finds that, under existing law, certain statutory ambiguities are present relating to whether lenders are prohibited from making low interest rate loans under chapter 478, HRS, governing interests and usury. Therefore, this measure amends the law to clarify that lenders have the ability to make low interest rate loans under the interest and usury law.

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. 2112 and recommends that it pass Second Reading 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.:* <i>SB 2112</i>	Committee Referral: <i>CPN</i>	Date: <i>2/20/24</i>
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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	<i>5</i>			

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:
Carol Fukunaga

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*Only one measure per Record of Votes