
A BILL FOR AN ACT

RELATING TO STATE FINANCIAL ADMINISTRATION.

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

1 SECTION 1. The legislature finds that there is a rise in
2 popularity, accessibility and convenience of online banking.
3 The legislature further finds that state government employees,
4 contractors, retirees, beneficiaries and all others doing
5 financial business with the State of Hawaii should be afforded
6 every opportunity to conduct their financial affairs at the
7 institutions of their choice. The automated clearinghouse
8 system offers the following key benefits:

9 (1) Payments may be initiated through a browser-based
10 system or via direct transmissions from a mainframe,
11 personal computer, or third-party processor;

12 (2) Transactions are secured through encryption software
13 requiring password access;

14 (3) Time and resources are maximized with the online
15 execution of repetitive payments;

16 (4) Next-day payment is possible;

17 (5) Fund availability is accelerated;

18 (6) Risk of fraudulent transfers is reduced; and



1 (7) Transaction costs are minimized.

2 The purpose of this Act is to require all branches,
3 departments, and agencies of state government to transition to
4 the automated clearinghouse system as the primary electronic
5 funds transfer system used by the State. In addition, this Act
6 requires all branches, departments, agencies, state employees,
7 retirees and beneficiaries to establish direct deposit for
8 salary, retirement, medical, reimbursement and per diem
9 payments.

10 SECTION 2. Chapter 36, Hawaii Revised Statutes, is amended
11 by adding a new section to part I to be appropriately designated
12 and to read as follows:

13 "§36- Automated clearinghouse system. (a) No later
14 than July 1, 2007, the State shall implement the automated
15 clearinghouse system as the primary electronic funds transfer
16 system for all state transactions, including but not limited to:

17 (1) All salary, retirement, medical, employee
18 reimbursements and per diem payments; and

19 (2) All payments to private contractors doing financial
20 business with the State.

21 (b) To facilitate the automated clearinghouse processing of all
22 state transactions, the State shall establish direct deposit for



1 all its employees, retirees, beneficiaries and private
2 contractors doing financial business with the State."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: S.S.T.

6

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SB2013

Report Title:

State Financial Administration; Automated Clearinghouse System

Description:

Establishes the automated clearinghouse system as primary electronic funds transfer system for state transactions and employee benefits.

