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# HOUSE CONCURRENT RESOLUTION

CREATING THE TASK FORCE ON ESTABLISHING THE BANK OF THE STATE OF  
HAWAII.

1           WHEREAS, the Bank of North Dakota is the only state-owned  
2 and operated financial institution in the United States; and  
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4           WHEREAS, under state law, the bank is set up as the State  
5 of North Dakota doing business as the Bank of North Dakota; and  
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7           WHEREAS, all state funds, as well as funds administered by  
8 state and county agencies, are deposited with the Bank of North  
9 Dakota, thus creating a large deposit base; and  
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11           WHEREAS, in addition to paying a competitive interest rate  
12 to the state treasurer, the Bank of North Dakota also invests  
13 its moneys in loan programs to spur economic development within  
14 the state; and  
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16           WHEREAS, the Bank of North Dakota regularly turns over a  
17 portion of its profits to the state general fund; and  
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19           WHEREAS, over the past decade, the Bank of North Dakota has  
20 turned over approximately one-third of \$1,000,000,000 to the  
21 state general fund; and  
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23           WHEREAS, despite the recent financial crisis, the Bank of  
24 North Dakota earned record profits in 2008, with net earnings of  
25 approximately \$57,000,000; and  
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27           WHEREAS, rather than competing with private banks, the Bank  
28 of North Dakota has created partnerships with over one hundred  
29 other North Dakota financial institutions to assist them in  
30 meeting the needs of the citizens of North Dakota; and  
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1           WHEREAS, the Bank of North Dakota has promoted agriculture,  
2 education, community development, economic development, housing,  
3 and industry in the state by helping to stabilize and grow the  
4 State's economy; and  
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6           WHEREAS, the Bank of North Dakota uses the resources of the  
7 people of the State within the State and leverages the state's  
8 financial capital and resources to support the common good and  
9 public benefit of the State; and  
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11           WHEREAS, a state-owned bank may work in partnership with  
12 financial institutions, community-based organizations, economic  
13 development groups, guaranty agencies, and other stakeholder  
14 groups to better the State's economy; now, therefore,  
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16           BE IT RESOLVED by the House of Representatives of the  
17 Twenty-sixth Legislature of the State of Hawaii, Regular Session  
18 of 2011, the Senate concurring, that the following are requested  
19 to convene as members of the task force on establishing the Bank  
20 of the State of Hawaii:  
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- 22           (1) One member appointed by the Governor who shall have  
23           experience in banking and financial management;  
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- 25           (2) One member of the Senate, appointed by the President  
26           of the Senate;  
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- 28           (3) One member of the House of Representatives, appointed  
29           by the Speaker of the House of Representatives;  
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- 31           (4) The Director of the Department of Budget and Finance  
32           or the Director's designee;  
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- 34           (5) The Director of the Department of Labor or the  
35           Director's designee;  
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- 37           (6) The Attorney General or the Attorney General's  
38           designee;  
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- 40           (7) The Commissioner of the Department of Commerce and  
41           Consumer Affairs, Division of Financial Institutions;



- 1           (8) A member from the Hawaii State Association of
- 2           Counties;
- 3
- 4           (9) A member from an organization representing banking and
- 5           financial institutions; and
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- 7           (10) A member from a trade association representing credit
- 8           unions;
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10 provided that the members in paragraphs (9) and (10) shall be  
 11 appointed jointly by the President of the Senate and the Speaker  
 12 of the House of Representatives; and

13  
 14           BE IT FURTHER RESOLVED that the Commissioner of the  
 15 Department of Commerce and Consumer Affairs, Division of  
 16 Financial Institutions is requested to serve as the chairperson  
 17 of the task force; and that the members of the task force shall  
 18 not be compensated; and

19  
 20           BE IT FURTHER RESOLVED that the Legislative Reference  
 21 Bureau is requested to provide the research and organizational  
 22 support services necessary to assist the task force in achieving  
 23 its purposes; and

24  
 25           BE IT FURTHER RESOLVED that the task force is requested to  
 26 review, evaluate, and create an implementation plan for the  
 27 creation of the Bank of the State of Hawaii; among other things  
 28 the task force shall review and evaluate the following:

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- 30           (1) The Bank of North Dakota, its enabling statutes,
- 31           its governing structure, and its programs;
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- 33           (2) The feasibility of Hawaii creating a state-owned
- 34           bank similar to that of the Bank of North Dakota;
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- 36           (3) The effectiveness and usefulness of existing
- 37           state banks, specifically the economic impact of
- 38           having a state bank;
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- 40           (4) The laws, statutes, rules, and regulations
- 41           applicable to establishing a state-owned bank;



- 1 (5) The capital requirements of a state-owned bank;
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- 3 (6) Initial capitalization options for a state-owned
- 4 bank;
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- 6 (7) Cash management and banking needs of the State;
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- 8 (8) An estimation of the short-term operating costs
- 9 and projected revenues of a Bank of the State of
- 10 Hawaii;
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- 12 (9) The long-term broad economic impact and long-term
- 13 job creation and State revenue impacts of having
- 14 a Bank of the State of Hawaii;
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- 16 (10) Any impact to existing banks and financial
- 17 institutions in the State;
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- 19 (11) Sound underwriting practices needed for a state-
- 20 owned bank;
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- 22 (12) Standards to ensure that loans result in the
- 23 outcomes described in the approved loan
- 24 applications;
- 25
- 26 (13) Ethics and conflict of interest requirements for
- 27 the board, offices, and employees of a state-
- 28 owned bank;
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- 30 (14) Transparency requirements for the operations of a
- 31 state-owned bank; and
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- 33 (15) Necessary legislation to establish a state-owned
- 34 bank.
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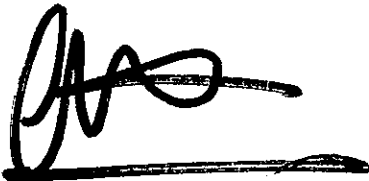
36 BE IT FURTHER RESOLVED that the task force is requested to  
37 submit an interim report to the Legislature no later than twenty  
38 days prior to the convening of the Regular Session of 2012 and  
39 that the interim report shall include a review of the Bank of  
40 North Dakota model, the feasibility of creating the Bank of the



1 State of Hawaii, and the short and long-term economic impact of  
2 a state-owned bank, along with other initial findings; and  
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4 BE IT FURTHER RESOLVED that the task force is requested to  
5 submit its final report to the Legislature no later than twenty  
6 days prior to the convening of the Regular Session of 2013 and  
7 that the final report shall include the estimated cost to start  
8 a Bank of the State of Hawaii, the task force's findings and  
9 recommendations and necessary legislation for the creation of  
10 the Bank of the State of Hawaii; and  
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12 BE IT FURTHER RESOLVED that certified copies of this  
13 Concurrent Resolution be transmitted to the Governor, the  
14 Director of the Department of Budget and Finance, the Director  
15 of the Department of Labor, the Attorney General, the  
16 Commissioner of the Department of Commerce and Consumer Affairs,  
17 Division of Financial Institutions, the Hawaii State Association  
18 of Counties, and the Legislative Reference Bureau.  
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OFFERED BY:

