
A BILL FOR AN ACT

RELATING TO STATE-OWNED BANK.

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

1 SECTION 1. The legislature finds that the Bank of North
2 Dakota is the only state-owned and operated financial
3 institution in the United States. Under North Dakota law, the
4 bank is set up as the State of North Dakota doing business as
5 the Bank of North Dakota. All state funds, as well as funds
6 administered by state and county agencies, are deposited with
7 the Bank of North Dakota, thus creating a large deposit base.

8 In addition to paying competitive interest rates to the
9 state treasurer, the Bank of North Dakota also invests its
10 moneys in loan programs to spur economic development within the
11 State. The Bank of North Dakota also regularly turns over a
12 portion of its profits to the state general fund. Over the past
13 decade, the bank has turned over approximately one-third of
14 \$1,000,000,000 to the state general fund, and despite the recent
15 financial crisis, the bank earned record profits in 2008, with
16 net earnings of approximately \$57,000,000.



1 Rather than competing with private banks, the Bank of North
2 Dakota has created partnerships with over one hundred other
3 North Dakota financial institutions to assist them in meeting
4 the needs of the citizens of North Dakota.

5 The legislature further finds that a state-owned bank would
6 promote agriculture, education, community development, economic
7 development, housing, and industry in the State by building a
8 resource to help stabilize and grow the State's economy; use the
9 resources of the people of the State within the State; support
10 the common good and public benefit of the State; and leverage
11 the State's financial capital and resources. A state-owned bank
12 may work in partnership with financial institutions, community-
13 based organizations, economic development groups, guaranty
14 agencies, and other stakeholder groups to better the State's
15 economy.

16 The purpose of this Act is to establish a task force to
17 study the feasibility of establishing a state-owned bank in
18 Hawaii.

19 SECTION 2. (a) There is established a task force to study
20 the feasibility of establishing a state-owned bank. The task
21 force shall consist of the following members:



- 1 (1) One member appointed by the governor who shall have
2 experience in banking and financial management;
- 3 (2) One member of the senate, appointed by the president
4 of the senate;
- 5 (3) One member of the house of representatives, appointed
6 by the speaker of the house of representatives;
- 7 (4) The director of finance or the director's designee;
- 8 (5) The director of labor and industrial relations or the
9 director's designee;
- 10 (6) The attorney general or the attorney general's
11 designee;
- 12 (7) The commissioner of financial institutions of the
13 department of commerce and consumer affairs, division
14 of financial institutions, or the commissioner's
15 designee;
- 16 (8) The chair of the board of agriculture or the chair's
17 designee;
- 18 (9) A member from an organization representing banking and
19 financial institutions; and
- 20 (10) A member from a trade association representing credit
21 unions;



1 provided that the members in paragraphs (9) and (10) shall be
2 appointed jointly by the president of the senate and the speaker
3 of the house of representatives.

4 (b) The commissioner of financial institutions of the
5 department of commerce and consumer affairs, division of
6 financial institutions, shall serve as the chairperson of the
7 task force.

8 (c) The members of the task force shall not receive
9 compensation for their services.

10 (d) No member shall be made subject to chapter 84, Hawaii
11 Revised Statutes, solely because of that member's participation
12 as a member of the task force.

13 (e) The task force shall review and evaluate the
14 feasibility of creating a state-owned bank. Among other things,
15 the task force shall review and evaluate the following:

16 (1) The bank of North Dakota, its enabling statutes, its
17 governing structure, and its programs;

18 (2) The findings from Massachusetts studies in creating a
19 state-owned bank, including the *Report of the*
20 *Commission to Study the Feasibility of Establishing a*
21 *Bank Owned by the Commonwealth;*



- 1 (3) The effectiveness and usefulness of an existing state
- 2 bank, specifically the economic impact of having a
- 3 state-owned bank;
- 4 (4) Any impacts a state-owned bank will have on existing
- 5 banks and financial institutions in the State;
- 6 (5) The long-term broad economic impact and long-term job
- 7 creation and state revenue impacts of having a state-
- 8 owned bank;
- 9 (6) The capital requirements of a state-owned bank;
- 10 (7) Initial capitalization options for a state-owned bank;
- 11 (8) The cash management and banking needs of the State;
- 12 (9) An estimation of the short-term operating costs and
- 13 projected revenues of a state-owned bank; and
- 14 (10) The laws, statutes, rules, and regulations applicable
- 15 to establishing a state-owned bank.
- 16 (f) The task force shall submit a report to the
- 17 legislature no later than twenty days prior to the 2013 regular
- 18 session.

19 SECTION 3. The task force shall cease to exist on June 30,

20 2013.

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1 SECTION 4. The legislative reference bureau shall provide
2 the research and organizational support services necessary to
3 assist the task force in achieving its purposes as required
4 under this Act.

5 SECTION 5. This Act shall take effect on July 1, 2112.



Report Title:

Financial Institutions; State-owned Bank; Task Force

Description:

Establishes a task force to review, investigate, and study the feasibility and cost of establishing a state-owned bank.

Requires a report to the Legislature. Effective July 1, 2112.

(HB1840 HD1)

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