

STAND. COM. REP. NO.

2975

Honolulu, Hawaii

MAR 23 2012

RE: H.B. No. 1840
H.D. 3
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1840, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO STATE-OWNED BANK,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a task force within the Department of Commerce and Consumer Affairs to study the feasibility of establishing a state-owned bank in Hawaii.

Your Committee received testimony in support of this measure from Faith Action for Community Equity, the Legal Aid Society of Hawaii, IMUAlliance, and two individuals.

Your Committee received testimony in opposition to this measure from the Hawaii Bankers Association.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and the Legislative Reference Bureau.

Your Committee finds that a state-owned bank could help to expand and strengthen the economy of the State. However, your Committee also finds that, to ensure all viable alternatives are adequately explored:



- (1) The scope of the task force's study should be expanded to include consideration of other programs and options that could serve the same purposes or achieve the same goals as a state-owned bank; and
- (2) The membership of the task force should include greater representation by experts in the fields of economics, finance, and community development.

Your Committee also notes that the House supplemental appropriations bill (H.B. No. 2012, H.D. 1) uses compliance resolution funds budgeted and allocated to the Department of Commerce and Consumer Affairs, Division of Financial Institutions, to fund the task force. Your Committee believes that such a diversion of funds would be inappropriate and therefore has included a general fund appropriation to support the work of the task force.

Your Committee has amended this measure by:

- (1) Expanding the scope of the task force's study to include consideration of other programs or options that could serve the same purposes or achieve the same goals as a state-owned bank;
- (2) Authorizing the task force to establish investigative subgroups and invite participation and input from experts in relevant fields;
- (3) Clarifying that a task force member who is not a state employee shall not be made subject to chapter 84, Hawaii Revised Statutes, solely because of that member's participation on the task force;
- (4) Authorizing and appropriating unspecified funds for the support of the task force, including for travel expenses for neighbor island task force members and consulting costs;
- (5) Revising the membership of the task force as follows:
 - (A) A representative from the Department of Commerce and Consumer Affairs, Division of Financial Institutions, who shall serve as chair of the task force;



- (B) A representative from the Department of Budget and Finance, Financial Administration Division;
- (C) A representative from the Department of Business, Economic Development, and Tourism, Research and Economic Analysis Division;
- (D) A representative from the Department of Agriculture, Agricultural Loan Division;
- (E) A representative from the Economic Research Organization at the University of Hawaii;
- (F) A representative from the Shidler College of Business at the University of Hawaii at Manoa, Financial Economics and Institutions Department;
- (G) A representative from the Hawaii Strategic Development Corporation;
- (H) The Executive Director of the Hawaii Housing Finance and Development Corporation or the Executive Director's designee;
- (I) A member of the native Hawaiian community with a background in community economic development and business assistance in the native Hawaiian community, to be appointed by the Native Hawaiian Chamber of Commerce;
- (J) A representative from the Legal Aid Society of Hawaii;
- (K) A representative from Faith Action for Community Equity;
- (L) A representative of banking and financial institutions, to be appointed by the Hawaii Bankers Association; and
- (M) A neighbor island county representative from the Economic Development Alliance of Hawaii; and



- (6) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 H.B. No. 1840, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1840, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

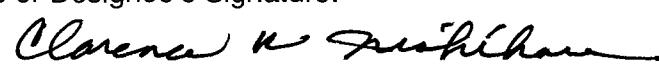


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1840 HD3	CPN, WAM	3-16-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TANIGUCHI, Brian T. (VC)				/
GALUTERIA, Brickwood	/			
GREEN, M.D., Josh				/
NISHIHARA, Clarence K.	/			
SOLOMON, Malama	/			
SLOM, Sam			/	
TOTAL	4	0	1	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes