

Honolulu, Hawaii

March 2, 2012

RE: H.B. No. 2103
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2103, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE BANK OF THE STATE OF HAWAII,"

begs leave to report as follows:

The purpose of this measure, as received by your Committee, is to establish the bank of the State of Hawaii in order to develop a program to acquire residential property in situations where the mortgagor is an owner-occupant who has defaulted on a mortgage or been denied a mortgage loan modification and the mortgagee cannot prove its authority to foreclose on the property.

For purposes of a public hearing on this bill, your Committee circulated a proposed draft (Proposed H.B. 2103, H.D. 2), and notified the public that it would be accepting testimony on the proposal, which:

- (1) Directs the Department of Commerce and Consumer Affairs to conduct a comprehensive review of relevant laws of the State to develop legislation to establish the bank of the State of Hawaii;
- (2) Appropriates funds to conduct the review;



- (3) Directs the Hawaii Housing and Finance and Development Corporation to establish and operate an interim purchase program for distressed residential properties encumbered by problematic mortgages until the bank of the State of Hawaii is operational; and
- (4) Establishes minimum percentages of state funds that shall be deposited in the bank of the State of Hawaii.

Your Committee received testimony from the following organizations and individuals on H.B. No. 2103, H.D. 1, as introduced, and on the proposed draft:

H.B. No. 2103, H.D. 1: Pennsylvania Project, Inc., and several concerned individuals supported the measure.

H.B. No. 2103, H.D. 2, Proposed Draft: Hawaii Laborers-Employers Cooperation and Education Trust, IMU Alliance, and two concerned individuals supported the measure. The Department of Budget and Finance, Hawaii Bankers Association, and the Hawaii Credit Union League opposed the measure. The Department of Commerce and Consumer Affairs, Hawaii Housing Finance and Development Corporation, Legal Aid Society of Hawaii, Hawaii Farm Bureau Federation, and a concerned individual offered comments on the measure.

Your Committee considered the merits of both H.B. No. 2103, H.D. 1, as received by your Committee, and the proposed draft, and upon careful consideration, adopts the proposed draft.

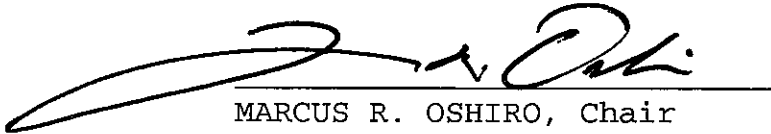
Your Committee has amended the proposed draft by:

- (1) Replacing appropriation and transfer amounts with unspecified dollar amounts;
- (2) Replacing the \$500,000,000 amount to be deposited from private financial institutions to the Bank of the State of Hawaii with an unspecified dollar amount;
- (3) Leaving blank the dates relating to the implementation of the Bank of the State of Hawaii, including dates by which funds are to be deposited with the bank; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2103, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2103, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



