

STAND. COM. REP. NO.

678

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 853
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 853
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 bill is to assist the State in weathering
future economic downturns, as well as to leverage resources to
finance operations while protecting the public's financial
interest by, among other things:

- (1) Establishing the Bank of the State of Hawaii (Bank) and
its powers and duties;
- (2) Providing for the appointment of an Advisory Board of
Directors (Board) of the Bank;
- (3) Establishing the membership of the Board and the duties
of the Board;
- (4) Providing for the depositing of public funds into the
Bank;
- (5) Establishing the powers of the Bank;



- (6) Stipulating that any funds earned by the Bank in excess of amounts necessary to pay for expenses of administering the activities of the Bank shall be deposited into the general fund;
- (7) Providing the Board with rulemaking authority;
- (8) Requiring the Department of Commerce and Consumer Affairs (DCCA) to examine the Bank at least each calendar quarter to verify that the Bank is complying with the rules established by the Board;
- (9) Requiring the Auditor to audit the accounts and financial affairs of the Bank at least once every two years; and
- (10) Guaranteeing the deposits in the Bank.

The Public Banking Institute, Imua Alliance, and Faith Action for Community Equity testified in support of this bill. DCCA, the Hawaii Credit Union League, Hawaii Bankers Association, and a concerned individual testified in opposition to this measure. The Department of Budget and Finance and Center for State Innovation provided comments.

Your Committee has amended this bill by deleting its contents and replacing it with language that, among other things:

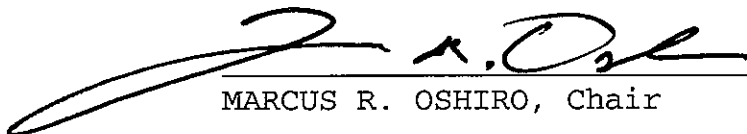
- (1) Creates a task force to:
 - (A) Review, investigate, and study an existing state-owned bank and any applicable laws necessary to establish the Bank; and
 - (B) Craft an implementation plan for the Bank;
- (2) Establishes the membership of the task force;
- (3) Stipulates that the Commissioner of the Division of Financial Institutions of DCCA shall serve as the chair of the task force; and
- (4) Requires the task force to submit an interim and final report to the Legislature that includes, among other things, information concerning a review of the Bank of North Dakota model, the feasibility of establishing the



Bank, the short-term and long-term economic impacts of the Bank, and estimated costs of establishing the Bank.

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. 853, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 853, H.D. 1, and be placed on the calendar for Third Reading.

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


MARCUS R. OSHIRO, Chair



