

Honolulu, Hawaii

FEB 11 2013

RE: S.B. No. 1071

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1071 entitled:

"A BILL FOR AN ACT RELATING TO FINANCIAL INSTITUTIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Modernize the State's financial institutions law, codified as chapter 412, Hawaii Revised Statutes; and
- (2) Adjust fees for financial institutions to reflect the additional regulation and monitoring required of the Division of Financial Institutions of the Department of Commerce and Consumer Affairs.

Your Committee received testimony in support of this measure from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs, Hawaii Financial Services Associations, and Hawaii Bankers Association.

Your Committee finds that the last comprehensive review of the State's financial institutions law was in 1993. This measure modernizes the financial institution law to reflect changes in federal laws over the last twenty years, including changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. This measure also strengthens and clarifies the Commissioner of Financial Institution's powers to administer and enforce chapter 412, Hawaii Revised Statutes.



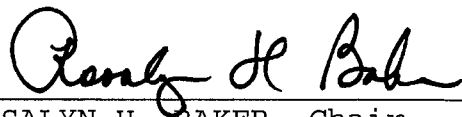
Your Committee further finds that as a result of federal laws enacted and amended over recent years, the Division of Financial Institutions is now required to exercise heightened supervision, regulation, and examination over state chartered financial institutions. This measure therefore adjusts fees to reflect the additional regulatory requirements and monitoring required for specific licensees.

Your Committee notes that the Commissioner of Financial Institutions met with the representatives of the financial institutions industry in the summer of 2012 for the purpose of reviewing and modernizing the State's banking laws to reflect changes in federal law. This measure is the result of those meetings.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 1071, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1071, 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



