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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS.

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

1                                   **PART I. GENERAL PROVISIONS**

2           SECTION 1. The purpose of part I and part II of this Act  
3 is to establish the operating budget for the fiscal biennium  
4 beginning July 1, 2019, and ending June 30, 2021, for state  
5 executive branch programs under the purview of the house of  
6 representatives standing committee on intrastate commerce.

7           SECTION 2. DEFINITIONS. Unless otherwise clear from the  
8 context, as used in part I and part II of this Act:

9           "Expending agency" means the executive department,  
10 independent commission, bureau, office, board, or other  
11 establishment of the state government (other than the  
12 legislature, office of Hawaiian affairs, and judiciary), the  
13 political subdivisions of the State, or any quasi public  
14 institution supported in whole or in part by state funds, which  
15 is authorized to expend specified appropriations made by this  
16 Act.



1 Abbreviations, where used to denote the expending agency or  
2 a house of representatives standing committee, shall mean the  
3 following:

4 CCA Department of commerce and consumer affairs

5 IAC House of representatives standing committee on  
6 intrastate commerce

7 "Means of financing" or "MOF" means the source from which  
8 funds are appropriated or authorized to be expended for the  
9 programs and projects specified in this Act. All appropriations  
10 are followed by letter symbols. The letter symbols, where used,  
11 shall have the following meanings:

12 B Special funds

13 T Trust funds

14 "Position ceiling" means the maximum number of permanent  
15 and temporary full-time equivalent positions authorized for a  
16 particular program during a specified period or periods, as  
17 denoted by an asterisk for permanent full-time equivalent  
18 positions and a pound sign for temporary full-time equivalent  
19 positions.

20 "Program ID" means the unique identifier for the specific  
21 program and consists of the abbreviation for the organization



1 responsible for carrying out the program followed by the  
2 organization number for the program.

3 **PART II. PROGRAM APPROPRIATIONS**

4 SECTION 3. APPROPRIATIONS. The following sums, or so much  
5 thereof as may be sufficient to accomplish the purposes and  
6 programs designated herein, are hereby appropriated or  
7 authorized, as the case may be, from the means of financing  
8 specified to the expending agency designated for the fiscal  
9 biennium beginning July 1, 2019, and ending June 30, 2021. The  
10 total expenditures and the number of positions in each fiscal  
11 year of the biennium shall not exceed the sums and the number  
12 indicated for each fiscal year, except as provided elsewhere in  
13 this Act, or as provided by general law.



PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
1		IAC - INTRASTATE COMMERCE					
2	1.	CCA104 - FINANCIAL SERVICES REGULATION					
3				40.00*		40.00*	
4		OPERATING	CCA	5,109,414B		5,109,414B	
5			CCA	110,000T		110,000T	



1                                   PART III.   STATUTORY AMENDMENTS

2           SECTION 4.   Section 241-7, Hawaii Revised Statutes, is  
3 amended to read as follows:

4           "**§241-7   Disposition of funds.** All taxes collected under  
5 this chapter shall be state realizations [~~; provided that, by~~  
6 ~~June 30 of each fiscal year, the sum of \$2,000,000 shall be~~  
7 ~~deposited with the director of finance to the credit of the~~  
8 ~~compliance resolution fund as established pursuant to section~~  
9 ~~26-9(e)] ."~~

10          SECTION 5.   Section 412:2-105, Hawaii Revised Statutes, is  
11 amended to read as follows:

12          "**§412:2-105   Fees [~~-~~]; expenses; assessments.** (a) The  
13 commissioner shall charge any financial institution examined by  
14 the commissioner or the commissioner's staff, an amount for  
15 travel, per diem, mileage, and other reasonable expenses  
16 incurred in connection with the examination.

17          (b) The commissioner shall bill the affected financial  
18 institution for expenses as soon as feasible after the close of  
19 the examination. The affected financial institution shall pay  
20 the division within thirty days following the billing. All such  
21 payments shall be deposited to the compliance resolution fund



1 established pursuant to section 26-9(o). All disputes relating  
2 to these billings between the affected financial institution and  
3 the commissioner shall be resolved in accordance with the  
4 procedures for contested cases under chapter 91.

5 (c) A Hawaii financial institution that fails to make a  
6 payment required by this section shall be subject to an  
7 administrative fine of not more than \$250 per day for each day  
8 it is in violation of this section, which fine, together with  
9 the amount due under this section, may be recovered pursuant to  
10 section 412:2-611, and shall be deposited into the compliance  
11 resolution fund established pursuant to section 26-9(o).

12 (d) The amount or amounts to be assessed for fees and  
13 expenses regulated under this chapter shall be determined and  
14 assessed as provided below:

15 (1) The total amount or amounts to be assessed of  
16 financial institutions regulated under this chapter  
17 shall be calculated based on the division's proposed  
18 fiscal year budget, less funds credited to the  
19 division in the compliance resolution fund on June 30  
20 of the fiscal year immediately preceding the fiscal



1           year of the proposed budget and less the division's  
2           anticipated revenues;  
3           (2) The assessments shall bear a reasonable relationship  
4           to the costs of regulating the financial institutions,  
5           including any administrative costs of the division;  
6           and  
7           (3) The sum total of all assessments made and collected  
8           shall not exceed any related funding ceiling  
9           established by the legislature; provided that the  
10           total assessments for all financial institutions in  
11           any one fiscal year shall not exceed \$ \_\_\_\_\_."

12           SECTION 6. Section 454F-41, Hawaii Revised Statutes, is  
13 amended by amending subsection (d) to read as follows:

14           "(d) When the mortgage loan recovery fund attains a  
15 funding level of \$750,000, the commissioner [~~may~~] shall either  
16 make a finding to adjust the fees generated by renewals or [~~may~~]  
17 determine that payments made by renewing licensees shall  
18 cease[-]; provided that payments shall remain ceased until the  
19 funding level falls below \$750,000. If the funding level falls  
20 below \$250,000 after the first five years of the establishment  
21 of the fund, the commissioner may adjust the fees to a



1 reasonable level for the purpose of attaining a funding level of  
2 \$750,000."

3 **PART IV. GENERAL PROVISIONS**

4 SECTION 7. If any portion of this Act or its application  
5 to any person, entity, or circumstance is held to be invalid for  
6 any reason, then the legislature declares that the remainder of  
7 the Act and each and every other provision thereof shall not be  
8 affected thereby. If any portion of a specific appropriation is  
9 held to be invalid for any reason, the remaining portion shall  
10 be expended to fulfill the objective of the appropriation to the  
11 extent possible.

12 SECTION 8. If manifest clerical, typographical, or other  
13 mechanical errors are found in part I or part II of this Act,  
14 the governor may correct the errors.

15 SECTION 9. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 10. This Act shall take effect on July 1, 2030.





**Report Title:**

State Budget; DCCA; Division of Financial Institutions;  
Financial Services Regulation; CCA104; IAC

**Description:**

Appropriates funds for Fiscal Biennium 2019-21 for operations of the Department of Commerce and Consumer Affairs division under Program ID CCA104 - Financial Services Regulation. House Committee on Intrastate Commerce. Repeals the existing statutory requirement that \$2,000,000 of certain taxes collected on bank and financial corporations be deposited to the credit of the compliance resolution fund. Requires adjustments to fees and assessments collected by the Division of Financial Institutions based on the amount of moneys credited to the division in the compliance resolution fund. Requires the Commissioner of Financial Institutions to adjust fees or cease collection of payments when the mortgage loan recovery fund attains a funding level of \$750,000. (HB1125 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

