

SB 1352

Measure Title:	RELATING TO INDUSTRIAL HEMP.
Report Title:	Industrial Hemp; Financial Institutions; Conducting Business
Description:	Clarifies that financial institutions are authorized to conduct business with persons and entities that lawfully deal with industrial hemp.
Companion:	HB87
Package:	None
Current Referral:	CPH, JDC/WAM
Introducer(s):	GABBARD, BAKER, RUDERMAN, S. Chang, English, Ihara, Nishihara, Shimabukuro



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce, Consumer Protection, and Health
Tuesday, February 5, 2019
9:00 a.m.
State Capitol, Conference Room 229**

**On the following measure:
S.B. 1352, RELATING TO INDUSTRIAL HEMP**

Chair Rosalyn H. Baker and Members of the Committee:

My name is Iris Ikeda, and I am the Commissioner of Financial Institutions for the Department of Commerce and Consumer Affairs' (Department) Division of Financial Institutions (DFI). The Department offers comments on this bill.

The purpose of this bill is to clarify that financial institutions are authorized to conduct business with persons and entities that lawfully deal with industrial hemp. The Department appreciates the forward thinking to clarify that financial institutions may provide banking services to the hemp industry.

The DFI believes that financial institutions will be cautious in providing banking services to the hemp industry, as some of the federal regulations and guidelines are not yet in place. Financial institutions will continue to exercise appropriate due diligence in accordance with federal law, including the Bank Secrecy Act, the Anti-Money Laundering Act, guidance from the Financial Crimes Enforcement Network, and the Federal Food, Drug, and Cosmetics Act. The DFI encourages financial institutions to

Testimony of DCCA
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stay abreast of the changes in the federal regulations and guidelines as they begin to provide banking services to the hemp industry.

Thank you for the opportunity to provide comments on this bill.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Acting Chairperson
Board of Agriculture

State of Hawaii
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TESTIMONY OF THE DEPARTMENT OF AGRICULTURE
BEFORE THE SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,
& HEALTH

FEBRUARY 5, 2019
9:00 A.M.
CONFERENCE ROOM 229

SENATE BILL NO. 1352
RELATING TO INDUSTRIAL HEMP

Chairperson Baker and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 1352, which clarifies that financial institutions in the state are authorized to conduct business with persons and entities that lawfully grow, produce, sell, market, advocate for, or otherwise deal with industrial hemp. The Department supports the intent of this measure.

The Department notes that such authorization seems helpful for its program licensees and the hemp industry in Hawaii, but necessitates further clarification on what is lawful in the state in regards to each of the aforementioned actions.

Thank you for the opportunity to testify on this measure.



Presentation To The
Committee on Commerce, Consumer Protection and Health
February 5, 2019 at 9:00 AM
State Capitol Conference Room 229

Testimony in Opposition to Senate Bill 1352

TO: The Honorable Rosalyn H. Baker, Chair, Committee on Commerce, Consumer Protection and Health
The Honorable Stanley Chang, Vice Chair Committee on Commerce, Consumer Protection and Health
Members of the Committee

My name is Neal K. Okabayashi, the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing banks with headquarters in Hawaii and three banks from the continent with branches in Hawai'i. HBA oppose this bill authorizing certain financial institutions to have the power to have a banking relationship with entities engaged in the business of industrial hemp because it is not necessary because it already has that power. There is no other provision in State law that specifically addresses a power to engage in banking with a certain industry and there is no reason to have a provision for a specific industry.

The powers of a state bank are under HRS 412:5-200 which reads in part:

§412:5-200 General powers. (a) Except as expressly prohibited or limited by this chapter, a bank shall have the power to solicit, accept and hold deposits, engage in other activities which are usual or incidental to the business of banking, and shall have all rights, powers and privileges of a corporation organized under the laws of this State including but not limited to the power to:

- (1) Make loans and extensions of credit of any kind, whether unsecured or secured by real or personal property of any kind or description;
- (2) Borrow money from any source within or without the State;
- (3) Issue, confirm and advise letters of credit, or otherwise enter into letter of credit transactions;
- (4) Enter into repurchase agreements;
- (5) Accept drafts or bills of exchange and buy and sell bullion and foreign currency; and
- (6) Make investments as permitted under this article.

Thank you for the opportunity to submit this testimony on SB 1352 and please let us know if we can provide further information.

Neal K. Okabayashi

SB-1352

Submitted on: 2/4/2019 6:33:09 AM

Testimony for CPH on 2/5/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Miyamoto	Testifying for Hawaii Farm Bureau	Support	No

Comments:

SB-1352

Submitted on: 2/5/2019 7:03:11 AM

Testimony for CPH on 2/5/2019 9:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

SB-1352

Submitted on: 2/4/2019 11:09:59 AM

Testimony for CPH on 2/5/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Autumn Ness	Individual	Support	Yes

Comments: