



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Economic Development
Wednesday, February 3, 2021
9:30 a.m.
Via Videoconference**

**On the following measure:
H.B. 240, RELATING TO A BANK OF THE STATE OF HAWAII**

Chair Quinlan and Members of the Committee:

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

The purposes of this bill are to: (1) establish the bank of the State of Hawaii working group to propose legislation to establish a state-operated bank of the State of Hawaii; and (2) appropriate moneys to carry out the purposes of this bill.

In 2012, the DFI published a white paper entitled, "Should Hawaii Establish a State Bank?" This white paper discussed the purpose of the only state bank in the United States, as well as a research report by the New England Public Policy Center of the Federal Reserve Bank of Boston on the feasibility of a state bank in Massachusetts. The white paper concluded the following:

- The experience of the Bank of North Dakota is not comparable to Hawaii's economic or banking environment. North Dakota has approximately 89

small rural banks, whereas Hawaii has 8 commercial banks, out of which 6 are considered community banks.

- The Bank of North Dakota is considered a “banker’s bank” because it lends money primarily to small rural banks in North Dakota and provides to those banks financial services that typically are economically available to only large national or multinational banks. In recent years, the Bank of North Dakota has begun to offer student loans through a Texas bank.
- Even during the mortgage crisis of 2007-2009, small businesses had access to credit in Hawaii. Hawaii banks and the Bank of North Dakota were able to leverage the Federal Home Loan Bank system as a source of liquidity.
- The Bank of North Dakota did not stabilize the state’s economy. When the state economy was doing well, the bank helped balance the state budget; however, in severe agricultural crises, the bank’s poor performance in fact worsened the economic situation.
- Start-up costs for a Hawaii state bank would be considerable¹ and likely involve a sizeable bond. The State would also need to move its deposits, which would disrupt state-chartered banks operating in the State.

To determine if Hawaii should establish a state bank, the Legislature should: identify the specific market or market failure to address; investigate ways to leverage already existing quasi-public agencies to fulfill the perceived need; and determine if the State is willing to invest all of its capital in the state bank, which will take a number of years to show positive investment.

Thank you for the opportunity to testify on this bill.

¹ The estimated start-up costs would be about \$3.6 billion in 2012 dollars. Start-up costs were calculated according to a \$2 million bond in 1919, adjusted for 2012 dollars.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
HOUSE BILL NO. 240

February 3, 2021
9:30 a.m.
Room 312

RELATING TO A BANK OF THE STATE OF HAWAII

The Department of Budget and Finance (B&F) opposes House Bill No. 240.

This bill, last proposed in the 2020 Legislative Session, intends to: 1) establish the Bank of the State of Hawai'i (BSH) Working Group (Group) within the Department of Commerce and Consumer Affairs (DCCA) for administrative purposes, consisting of the DCCA Director and eight other State agencies; 2) require the Group to conduct a comprehensive review of the State's laws for the purpose of developing proposed legislation to establish a BSH; 3) require the Group to submit an interim report to the Legislature in 2022 detailing its progress, findings, recommendations and proposed legislation, and a final report in 2023 containing a graduated schedule of State funds to be transferred to the BSH from financial institutions that are serving as depositories for the State; and 4) appropriate an unspecified amount of general funds for FY 22 and FY 23 for the purposes of this bill.

B&F questions the use of any State funds for these purposes and opposes the intention of the Group's final report in Section 1, Part (c), to produce a schedule for the

future transfer of all State funds into the proposed BSH. One of the primary statutory functions and responsibilities of B&F is for the safekeeping, management, investment, and disbursement of funds deposited into the State Treasury by all State departments. Regulated and insured commercial financial institutions utilized by the State have the capacity, experience, security and technology to carry out the banking needs of the State. Furthermore, keeping State funds at these financial institutions supports the local economy. Management of the State's funds ensures that cash is available as needed to cover the multitude of activities and programs at all State departments and the Legislature.

Although the bill does not state what the intended outcomes and goals of the proposed BSH are to be, the establishment and operation of the BSH would be a significant and expensive undertaking.

Thank you for your consideration of our comments.

o



House Committee on Economic Development
Wednesday, February 3, 2021
9:30 am
Hawaii State Capitol, Via Videoconference

In Opposition to HB 240, Relating to a Bank of the State of Hawaii

To: The Honorable Sean Quinlan, Chair
The Honorable Daniel Holt, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state. We offer the following testimony in opposition to HB 240, Relating to a Bank of the State of Hawaii.

HB 240 establishes a working group to propose legislation to to establish a state bank of the state of Hawaii.

While we have no objection to the formation of a working group to propose legislation on this issue, we do have concerns with the concept of a state bank. Our main concern is simply that funds being deposited into a state bank would be insured by the state itself. Without the benefit of being insured by a separate entity like the National Credit Union Administration (which insures and oversees all credit unions in the State of Hawaii), the state would be in an extremely precarious situation in the event of any financial difficulty within the bank, and within the state.

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

Presentation to The
Committee on Economic Development
February 3, 2021, 9:30 AM
State Capitol, Conference Room 312

Testimony in Opposition to HB 240

TO: The Honorable Sean Quinlan, Chair
The Honorable Daniel Holt, Vice Chair
Members of the Committee

My name is Neal Okabayashi, Executive Director of the Hawaii Bankers Association (HBA). HBA represents eight Hawaii banks and two banks from the continent with Hawai`i branches.

HBA opposes the idea of establishing a state bank after a study made by various state departments and agencies which, in total, lack the necessary banking expertise to make any informed study. Based on the preamble, it appears that the state bank would engage in mortgage lending, housing development, agricultural development, and land use, among other activities, which activities may be done by a non-bank. The State has done some of that activity in the past although it partners with a bank at times.

Is A State Bank Needed?

There are eight Hawaii banks headquartered in Hawaii. There is no evidence that the Hawaii banks are unable to meet the depository or credit needs of our businesses and residents. Just last year, according to SBA data, Hawai`i banks made well over \$2 billion in PPP loans resulting in a Bloomberg article, ranking Hawai`i as one of the top ten states in meeting the credit needs of small businesses.

Hawai`i banks survived and even thrived during economic crises such as the Great Recession and during this pandemic. Given the current state financial condition, can the State afford to be propping up a state bank when faced with a financial crisis?

Costs to the State

A bank is required to have capital to remain operational. The capital necessary for a state bank to be adequately capitalized may depend on the risk-weighted assets of the state bank which will depend on its lending activity. The Federal Reserve Bank of Boston drafted a report in 2011, when studying the possibility of a state bank, which analyzed the costs of organizing a state bank in Massachusetts and concluded that the required capitalization would be \$3.6 billion which would be 21% of Massachusetts' direct debt. Hawaii's needs would be smaller but still materially quite large.

The City and County of San Francisco recently conducted a study on a potential public bank for the city and its study estimated that an investment between \$184 million to \$3.9 billion would be needed

to operate a public bank, and that it would take between 10 and 56 years before it would break even. The State is larger than the city and county of San Francisco. Such expenses could not be borne by the State. The cost of starting and maintaining a state bank could be better used to fund the activities described in the preamble.

Startup Costs

There are always startup costs for any bank which are not trivial because of need for facilities, equipment, hardware, software, employees, and other necessary assets. The startup costs will be significant especially if the state bank will engage in deposits and checks. If the State will not engage in deposits and checks, there is no need for a bank as lending is not reserved to banks although banks are subject to regulations to protect the public, while non-banks are not subject to many of the regulations.

The infrastructure and cybersecurity costs of the bank will be significant, as well as the cost of compliance with a myriad of banking regulations, such as the Patriot Act, Bank Secrecy Act, and anti-money laundering laws. Cybersecurity is one of the biggest risks to banks, and Federal Reserve Chairman Jerome Powell testified before Congress in February 2020 that: “The thing we worry about a lot is cyberattacks. I think we have a great game plan for traditional issues like bad loans and things like that. It’s more cyberattacks is really the frontier where you worry.” The recent SolarWinds cyberattack on US industries is evidence of the operational cost and threat to a bank and other industries from cyberattacks.

Experience of other State Banks

Over the years, there have been public banks which started, and others have been considered, but only two state banks exist. One is the Bank of North Dakota which does not function as a bank but more as a correspondent bank. Its purpose is to partner with local financial institutions not to compete with them. Its lending program is through local financial institutions and through its history, it has faced challenges and political pressure. The other is a startup bank in American Samoa whose existence was necessitated by the absence of any American bank in American Samoa. Both banks’ deposits are not insured by the FDIC.

Vermont once had a state bank which failed six years after it started in 1806, and the cost of failure to the state was \$3 billion in today’s dollars. The Farmer’s Bank of Delaware was on the verge of failure in 1981 and was acquired by another bank.

Other Costs to the State

The bill provides for a withdrawal of state funds from banks. The Federal Reserve of Boston concluded that if the state sought to withdraw funds from private depositories, it would be disruptive and would lead to a negative impact on the Massachusetts economy. Also, by impacting the Hawaii banks, there would be an adverse impact on Hawaii tax revenue as the franchise tax paid to the State would be based on a lower revenue base.

A state bank will also lead to a diminution of interest received by the state. Currently, the state funds are deposited in the bank that is the highest bidder at a public auction based on the interest rate the bank is willing to pay. Also, the state is protected from risk of loss because the deposit is collateralized which is protection to the State in addition to FDIC insurance. These protections will disappear with a state bank and it remains to be seen where the cash of the State will be kept, if not in a bank, and how the State will clear checks sent to the state bank.

If the state bank is going to engage in debit cards, checks, or making payment to employees, and other activity that requires access to the Federal Reserve payment system there is a serious question whether it will be eligible to use the Federal Reserve payment system or FedNow (the soon fully operational Federal Reserve payment system). Thus, the state bank may not be able to operate as desired, and without access to the federal payment system, it will not be a bank.

Every bank needs a source of funds to make loans which usually means deposits, reserve funds, capital, or shareholder capital. For the State, its source of funds will primarily be tax receipts that are now deposited in banks located in Hawai'i or on the continent; often for a short-term because those funds are needed for state expenses, such as payroll, the State's biggest expense. The State could borrow from the credit market but that has consequences to the State as the credit needs to be repaid. Thus, the use of state funds for loans will be limited as state funds are generally short-term funding while banks have both short-term and long-term funding.

Bond Rating Impact

If the state is to rely on bonds as a source of funds, the State must assess the risk of a lowering of the bond rating.

Risk to State Funds

Hawai'i banks are examined by both the federal and state examiners (unless you are nationally chartered which banks are examined only by federal examiners) to determine if the bank is compliant with regulations and especially if there is a safety and soundness issue which endangers the financial soundness of the bank.

However, since the state bank would likely not have FDIC deposit insurance, they will not have the supervisory benefits of bank regulators. Thus, there will be no independent, and experienced bank regulators that provide oversight to help assure no loss to the bank. The two existing state banks do not enjoy FDIC insurance and they are backed by the full faith and credit of the state or territory. If the State plans on having customers who will place their deposits in the state bank, those customers will not enjoy the protection of the FDIC and without access to the payment system, check writing will be near impossible.

FDIC Cautions

The FDIC Division of Risk Management Supervision in December 2019 issued a supplement to their procedures manual on deposit insurance application. The supplement addressed applications for deposit insurance by non-community (niche or specialty banks), including public banks. The FDIC said that public banks are rare because "they present concerns regarding the institution's ability to operate independently of the political process; a potential lack of continuity in the institution's policies, management, and oversight which could result from change in the governmental entity's leadership; and the institution's ability to raise capital." The San Francisco study on a public bank concluded that FDIC insurance would not be available to the public bank. We should heed the caution of the FDIC.

Management of the State Bank

As reflected in the FDIC procedures manual, there is legitimate concern whether a state bank would be operated as a bank, making decisions based on sound underwriting criteria, and operating independently from the political process, thus, putting state funds at risk.

Conclusion and Other Alternatives

It is crystal clear that a study is not needed because all other studies have shown the imprudence of a state bank. If the need is for credit, there are other alternatives within the state including through the Hawaii Finance and Development Corporation. An example of that is the Hula Mae program which is made through financial institutions. The state can use existing loan programs and government agencies, working with the private sector, is a faster and more effective means to accomplish this goal than establishing an entirely new state bank.

Thank you for the opportunity to submit this testimony in opposition to HB 2628, HD 2. Please let us know if we can provide further information.

Neal K. Okabayashi
(808) 524-5161



To: Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice-Chair
Member of the Committee on Economic Development

Fr: Jaclyn L. Moore, Pharm D., CEO Big Island Grown Dispensaries

Re: Testimony in **Support of House Bill HB240**

RELATING TO A BANK OF THE STATE OF HAWAII

Dear Chair Quinlan, Vice-Chair Holt, Members of the Committee:

Big Island Grown Dispensaries is one of eight dispensary licensees in the State. We operate a production facility and 3 retail locations on the Big Island of Hawaii. We submit testimony today **in support of HB240** which seeks to establish the bank of the State of Hawaii working group to propose legislation to establish a state-operated bank of the State of Hawaii.

The Hawaii Medical Cannabis Program was implemented in 2016 without a viable local banking option to support operations. Other state cannabis programs in Colorado, California, Arizona, Washington, and others have state-chartered credit unions that are banking their state licenses. In 2017 banking partners and Hawaii regulators came together to provide access to financial services for State licensees. However, this option requires a physical deposit of cash in Colorado which means we would need to take a trans pacific flight with cash in a duffel bag. To date, there are no local banking options, or armored car services for licensees. Sooner or later, someone will get hurt.

There are minimal mainland banking options for Hawaii cannabis funds, and those that exist are overwhelmed. Mainland banks that are accepting cannabis funds need to hold ratios of about 80% conventional funds to 20% cannabis funds. There is so much cannabis cash on the sidelines that the moment a bank accepts cannabis funds they hit their ratios very quickly. What we are seeing now are some very disreputable banks going into the cannabis space, operating outside their charter and charging egregious fees.

Hawai'i licensees need a State chartered bank, similar to other states, that offers transparent deposits, checks that can be written against deposited funds, debit card machines, and ATM's located in the dispensary location linked to their accounts.

Thank you for the opportunity to testify. I implore you to begin the process of addressing the lack of banking infrastructure that continues to plague the industry in Hawaii, and presents a serious safety hazard for our island communities, cannabis industry employees, and operations.

Jaclyn L. Moore, Pharm.D., CEO Big Island Grown Dispensaries

Lau Ola LLC, dba Big Island Grown Dispensaries
HILO WAIMEA KONA

LATE



To: Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice-Chair
Member of the Committee on Economic Development

Fr: Blake Oshiro, Esq. on behalf of the HICIA Hawai`i Cannabis Industry Association

Re: Testimony in **Support of House Bill (HB) 240**
RELATING TO A BANK OF THE STATE OF HAWAII
Establishes the bank of the State of Hawaii working group to propose legislation to establish a state-operated bank of the State of Hawaii. Appropriates moneys.

Dear Chair Quinlan, Vice-Chair Holt, Members of the Committee:

The Hawai`i Cannabis Industry Association, formerly known as the Hawai`i Educational Association for Therapeutic Health, represents all eight of the state's licensed medical cannabis dispensaries. HICIA **supports** HB240 which proposes a working group to look at establishing a state bank.

The issue of looking at whether Hawaii should establish its own state bank has been around for nearly two decades. It is our understanding that North Dakota is the only state that has established and still has a publicly-owned bank. Founded in 1919, the Bank of North Dakota's mission is to "promote agriculture, commerce, and industry" and "be helpful to and assist in the development of... financial institutions... within the State."

HICIA supports a working group to look at this approach due to the ongoing and consistent problem the entire Hawaii's medical cannabis industry has with banking in our state. Currently, there is no bank or financial institution in Hawaii which conducts regular and business transactions for our industry. This means that our medical dispensaries have had to find other creative solutions to deal with a "cash industry," or find unique applications for use and transactions with institutions outside of Hawaii.

There is nothing in this legislation, nor any outcome that would require passage and adoption of a law to establish a state bank. Instead, this is a reasonable and thoughtful approach for a discussion and debate to occur in a forum of knowledgeable and experienced representatives to look at the pros/cons of the issue.

Thank you for the opportunity to testify.

Hawai`i Cannabis Industry Association (HICIA)
220 S King St #1600, Honolulu, HI 96813
www.808hcia.com

LATE

HB-240

Submitted on: 2/2/2021 11:00:09 AM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Will Caron | Individual | Support | No |

Comments:

Aloha committee members,

Please pass this bill through committee. To meet the challenges of the 21st century, Hawai'i will need to make significant changes in the way we structure our society here in the islands. These kinds of large-scale changes, like greening our economy, ensuring affordable housing for all, creating genuine food and energy independence, and mitigating the impacts of climate chaos, will take lots of funding. Public banks make all of that easier by making sure credit goes to the things kama'aina need and want, not to what the Wall Street bankers think will increase short-term profitability.

Public banks also help governments manage their own debts by reducing reliance on an expensive and inefficient bond market. Instead of bonds, projects like road renovations and parks can be funded through loans—at a much lower interest rate.

Depending on the terms, bonds can double the cost of the project they support. That's a frightening fact. Here's a frightening stat, last year Hawai'i paid out over \$1 billion dollars to service the debt. A public bank could drastically reduce that number giving us more money to spend on what matters. And best of all, the interest we do pay doesn't leave Hawai'i and go to already wealthy continental investors. It stays here and is reinvested in the community.

Let's give ourselves the monetary tools necessary to create a brighter tomorrow for all of us. This bill is a good first step in instructing the relevant parts of the executive branch to find the best way to implement this. Let's make it happen!

LATE

HB-240

Submitted on: 2/2/2021 2:18:43 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Nanea Lo | Individual | Support | No |

Comments:

Dear Chair Quinlan, Vice Chair Holt and distinguished members of the committee,

I am writing in support of HB240.

Establishing a state-owned bank is in the public's best interest. The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

Germany's state-owned public banking sector has been a bulwark of that country's renewable energy industry, driving the adoption of locally owned power generation by communities large and small throughout that country.

And in a time where the state is facing an unprecedented budget crisis, I cannot but notice that the Bank of North Dakota has returned millions annually to support the North Dakota's budget. It also aids agencies and municipalities throughout the state through savings on debt servicing, allowing many projects to bypass the need for a bond issue.

A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. I sincerely hope that you will pass this measure studying how we could best implement such an institution here.

Regards,

Nanea Lo

LATE

Chair Sean Quinlan
Vice Chair Daniel Holt

House Committee on Economic Development

Wednesday, February 3, 2021
9:30AM

**TESTIMONY IN SUPPORT OF HB240 RELATING TO A BANK OF THE STATE OF
HAWAII**

Aloha Chair Quinlan, Vice Chair Holt, Members of the House Committee on Economic Development,

My name is Jun Shin, I am a Junior at the University of Hawai'i at Mānoa and currently serve as an at-large board member for the Young Progressives Demanding Action. I am testifying today as an individual in **SUPPORT** of **HB240**, Relating to a Bank of the State of Hawai'i.

Establishing a state-owned bank is in the public's best interest. The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

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And in a time where the state is facing an unprecedented budget crisis, the Bank of North Dakota has returned millions annually to support North Dakota's budget. It also aids agencies and municipalities throughout the state through savings on debt servicing, allowing many projects to bypass the need for a bond issue.

A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. This would be very helpful in policy projects like the Green New Deal and help with lessening the need for austerity and public cuts. I sincerely hope that you will pass this measure studying how we could best implement such an institution here.

I **SUPPORT HB240** and request for you to pass this bill out of your committee..

Mahalo for the opportunity to testify,

Jun Shin,
1561 Kanunu Street
Honolulu, HI 96814

Cell: 808-255-6663

Email: junshinbusiness729@gmail.com

LATE

HB-240

Submitted on: 2/2/2021 2:32:02 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|--|---------------------------|---------------------------|
| Felicia Cowden | Kauai County Council - individual council member | Support | No |

Comments:

As an individual Kauai County Councilmember, I SUPPORT the exploration of a Public banking system. The ability of a project, development or home to come to completion is almost entirely reliant on the access to Finance. Debt Service for public infrastructure and government costs are significant. Representatives Kobayashi and Peruso's presentation on this possibility was my first exposure. Creating a working group to examine a potential significant change in this direction seems like a worthy investment of effort. I understand the outcome of the study could either support or reject the idea.

LATE

HB-240

Submitted on: 2/2/2021 2:36:05 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------|--------------|--------------------|--------------------|
| Shane Albritton | Individual | Support | No |

Comments:

Dear Chair Quinlan, Vice Chair Holt and distinguished members of the committee,

I am writing in support of HB240.

Establishing a state-owned bank is in the public's best interest. The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

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A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. I sincerely hope that you will pass this measure studying how we could best implement such an institution here.

LATE

HB-240

Submitted on: 2/2/2021 2:49:49 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------|--------------|--------------------|--------------------|
| Banner Fanene | Individual | Support | No |

Comments:

Talofa Chair Quinlan, Vice Chair Holt and distinguished members of the committee,

I am writing in support of HB240.

Establishing a state-owned bank is in the public's best interest. The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

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A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. I sincerely hope that you will pass this measure studying how we could best implement such an institution here

Fa'afetai,

Lagolemu Banner Si'ufaga Fanene

LATE

HB-240

Submitted on: 2/2/2021 3:19:01 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Regina Gregory | Individual | Support | No |

Comments:

I am writing in support of HB240. Public monies should not be dependent on private banks.

LATE

HB-240

Submitted on: 2/2/2021 4:03:08 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------|--------------|--------------------|--------------------|
| Michael deYcaza | Individual | Support | No |

Comments:

Dear Chair Quinlan, Vice Chair Holt and distinguished members of the committee,

I am writing in support of HB240.

Establishing a state-owned bank is in the public's best interest. The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

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A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. I sincerely hope that you will pass this measure studying how we could best implement such an institution here.

Regards, Michael deYcaza

LATE

Dear Chair Quinlan, Vice Chair Holt and distinguished members of the committee,

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Establishing a state-owned bank is in the public's best interest. The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

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A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. I sincerely hope that you will pass this measure studying how we could best implement such an institution here.

Thank you.

Rev. Samuel L Domingo

LATE

HB-240

Submitted on: 2/2/2021 6:43:36 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------------------|---------------------------|---------------------------|
| Alan B Burdick | Progressive Democrats of Hawaii | Support | No |

Comments:

Progressive Democrats of Hawaii stands in strong support of a public bank, properly organized and administered. North Dakota has had one since the New Deal days. We can and should have one as well.

LATE

HB-240

Submitted on: 2/2/2021 7:23:01 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| John Bickel | Individual | Support | No |

Comments:

As a native of North Dakota, my students loans were financed by the Bank of North Dakota. I think I got a better deal than my classmates who used commercial banks, This socialist institution has prevailed through a century of Democratic and Republican governors because it works. Let's do it here.

LATE

HB-240

Submitted on: 2/2/2021 10:01:21 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------|--------------|--------------------|--------------------|
| Jalem Correia | YPDA | Support | No |

Comments:

Aloha Chair Quinlan, Vice Chair Holt and distinguished members of the committee,

I am writing in support of HB240.

I'm not completely against private banking. To be transparent about my thoughts, I don't really know how to feel about it since this is exclusive only to high-net-worth individuals. Two things come to mind however that I don't like in when it comes to banking. Institutions profiting off of families, through ridiculous interest rates, who are drowning in their debt and struggling to survive. The other is the lack of financial education resources available for children and teens on how to manage finances and the different kinds of debt/assets. These are critical life skills that should be taught in schools or even through a special program managed by a public bank owned by the State of Hawaii.

Establishing a state-owned bank is in the public's best interest. It creates financial-saavy leaders who have their hearts invested into Hawaii. Leaders who can implement cultural values and integrate this into innovative and creative solutions which help elevate communities and ensure that future generations flourish.

The establishment of such a bank has been proven to be an effective tool in supporting a wide variety of economic matters in Hawaii's best interests. The Bank of North Dakota helped that state weather the 2008 crisis and in the current COVID crisis was a key partner in securing more PPP loans per capita for North Dakotan businesses than any other state.

Germany's state-owned public banking sector has been a bulwark of that country's renewable energy industry, driving the adoption of locally owned power generation by communities large and small throughout that country.

And in a time where the state is facing an unprecedented budget crisis, I cannot help but notice that the Bank of North Dakota has returned millions annually to support the North Dakota's budget. It also aids agencies and municipalities throughout the state through savings on debt servicing, allowing many projects to bypass the need for a bond issue.

A public bank of Hawai'i has the potential to serve as a valuable partner in the pursuit of the public good. I sincerely hope that you will pass this measure studying how we could best implement such an institution here. Would love to see diversity in the banking industry and how a public sector can contribute to making Hawaii a haven for all.

Mahalo nui loa for your time!

Best of health and many blessings,

Jalem Correia

LATE

HB-240

Submitted on: 2/2/2021 10:56:48 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Dylan Ramos | Individual | Support | No |

Comments:

Aloha,

Given the potential benefits of a public banking system here, the bare minimum we owe the people of Hawai'i is the establishment of a group that will work earnestly and honestly to report on the pros, cons, and feasibility of such a system. Thank you for supporting this bill.

Sincerely,

Dylan Ramos

96816

LATE

HB-240

Submitted on: 2/3/2021 9:13:34 AM

Testimony for ECD on 2/3/2021 9:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Rebecca Gardner | Individual | Support | No |

Comments:

Time is ripe! Hawaii needs this and can do this. North Dakota is leading the way and is taking care of its residents. We can do the same. <https://bnd.nd.gov/history-of-bnd/>