



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
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DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Consumer Protection and Commerce  
Wednesday, March 22, 2023  
2:00 p.m.  
Conference Room 329**

**On the following measure:  
S.B. 1206 S.D.2, H.D.1, DEPOSITS OF PUBLIC FUNDS**

Chair Nakashima and Members of the Committees:

My name is Iris Ikeda and I am the Commissioner for Financial Institutions, 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 require the Director of Finance to consider, prior to the selection of a depository for the state treasury, the beneficial effects to the State of using depositories within the State, including but not limited to lending at favorable terms for the creation of certain affordable housing units.

The Department defers to the Department of Budget and Finance as it has oversight over the placement of public funds in depository institutions.

The Department offers comments on the selection criteria used by the Director of Budget and Finance as it relates to consideration of affordable housing loans. The Department believes that the criteria used in HRS section 201H-57(b) may be too limiting as this relates to loans made by the Hawaii Housing and Development

Corporation. The Department suggests that the criteria expand to include residential housing projects allowable under HRS section 412:5-305(h) which include investments in low income housing as defined by the Internal Revenue Code.

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

JOSH GREEN, M.D.  
GOVERNOR



DENISE ISERI-MATSUBARA  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
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IN REPLY PLEASE REFER TO:

Statement of  
**DENISE ISERI-MATSUBARA**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON HOUSING**

March 22, 2023 at 2:00 p.m.  
State Capitol, Room 329

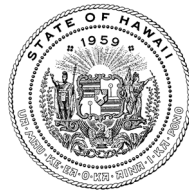
In consideration of  
**S.B. 1206 SD2 HD1**  
**RELATING TO DEPOSITS OF PUBLIC FUNDS.**

HHFDC **supports the intent** of SB 1206, SD2 HD1, which requires the Director of Finance to consider, prior to the selection of a depository for the state treasury, the beneficial effects to the State of using depositories within the State, including but not limited to lending at favorable terms for the creation of certain affordable housing units.

HHFDC's concerns are limited to Section 1(d)(1) on page 2, which outlines what the director shall consider. Restricting our programs to residents of the State who own no other real property conflicts with the definition of "Qualified resident" in 201H-32.

Thank you for the opportunity to provide testimony.

JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
ON  
SENATE BILL NO. 1206, S.D. 2, H.D. 1

**March 22, 2023**  
**2:00 P.M.**  
**Room 329 and Videoconference**

RELATING TO DEPOSITS OF PUBLIC FUNDS

Senate Bill No. 1206, S.D. 2, H.D. 1 proposes to amend HRS section 38-2 (d) to require the Director of Finance to consider, prior to the selection of a depository for the state treasury funds, the beneficial effects to the State of using depositories within the State, "including but not limited to lending at favorable terms to enable the creation of affordable housing, as defined in section 201H-57(b), exclusively for residents of the State who would be owner-occupants and own no other real property".

The Department provides comments on this bill to include the following:

- 1) The new requirement in this bill would be the first special consideration specified in law that must be made by the Director of Finance prior to selecting a depository and may open the door to the requirement of more special considerations in the future.
- 2) The State has a fiduciary responsibility to protect public funds and to prudently manage its treasury to achieve the investment objectives of safety, liquidity, and yield, in priority order. Any selection of a depository should be based on these primary objectives.

In closing, the Department supports the efforts to increase housing for residents but believes its fiduciary responsibility to prudently manage the treasury must remain the paramount objective. Thank you for your consideration of our comments.