

JAN 25 2023

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# A BILL FOR AN ACT

RELATING TO DEPOSITS OF PUBLIC FUNDS.

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

1           SECTION 1. Section 38-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§38-2 Authorized; conditions.** (a) All moneys in the  
4 state treasury may be deposited by the director to the credit of  
5 the State in any depository which the director, with the  
6 approval of the governor, may select, pursuant to this section,  
7 and any sums so deposited shall be deemed to be in the state  
8 treasury; provided that the depository in which the money is  
9 deposited furnish security as hereinafter provided. In  
10 selecting a depository the class of security offered shall be  
11 considered as the basis of selection and due regard shall be  
12 given to a depository doing business in the State.

13           (b) No more than forty per cent of the aggregate amount of  
14 moneys of the State available for deposit and on deposit in the  
15 state treasury may be deposited in depositories without the  
16 State.



1           (c) No more than sixty per cent of the aggregate amount of  
2 moneys of the State available for deposit and on deposit in the  
3 state treasury may be deposited in any one depository; provided  
4 that if the yield offered by any one depository in the State is  
5 greater than the yield offered by other depositories in the  
6 State, then, consistent with the safety and liquidity of [~~such~~]  
7 the moneys, more than sixty per cent of the aggregate amount of  
8 moneys available for deposit and on deposit in the stated  
9 treasury may be deposited in [~~such~~] the depository within the  
10 State offering a higher yield.

11           (d) The director shall consider the beneficial effects to  
12 the State of using depositories within the State, as well as the  
13 safety and liquidity of the sums to be deposited in the  
14 depository and the yield offered by the depository prior to the  
15 selection of the depository.

16           (e) In case of loan fund money for which there is no  
17 immediate need, or expenditures from which would not be made for  
18 at least three months, the director may place these funds on  
19 time deposit on [~~such~~] terms and at [~~such~~] rates of interest as  
20 may be allowed by a depository to other depositories.



1 (f) All deposits of money, except time deposits, shall be  
2 paid upon demand on checks signed by the director and  
3 countersigned by the comptroller, or by the payment of a  
4 certificate of deposit issued by the depository, which  
5 certificate shall be endorsed by the payee named therein, as  
6 well as by the comptroller, or by preauthorized automatic  
7 transfer of funds between transaction accounts held within the  
8 same depository. Transaction accounts, as defined in Regulation  
9 D of the Federal Reserve System, as authorized by Section 19 (12  
10 U.S.C. 461 et seq.) of the Federal Reserve Act, includes all  
11 checking accounts, both demand and interest bearing. Each  
12 depository shall at the end of every month render to the  
13 director a statement, in duplicate, for each of the funds of the  
14 State, showing the daily balances on open commercial account  
15 which were held by it during the month. The duly authorized  
16 representatives of any depository shall at all times during  
17 office hours have access to the securities deposited by the  
18 depository to secure the deposits of the State for the purpose  
19 of examining the same and removing the coupons that may have  
20 matured, the examination to be made in the presence of the  
21 director or the director's representative.



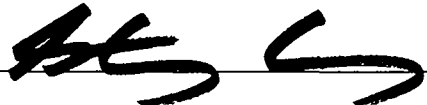
1        (g) Notwithstanding the provisions of subsection (f), a  
2 depository shall be exempt from the requirement to pay all  
3 deposits of money, excluding time deposits, upon demand;  
4 provided that the depository has issued loans with below-market  
5 interest rates and longer terms for housing projects where all  
6 dwelling units are exclusively made available to owner-occupiers  
7 who own no other real property and are residents of the State."

8        SECTION 2. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10        SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'ASL', written over a horizontal line.

# S.B. NO. 1206

**Report Title:**

Banks; Loans; Housing

**Description:**

Exempts depositories from the requirement to pay all deposits of public funds upon demand upon the condition that the depository have provided loans with below-market interest rates and longer terms for housing projects where all dwelling units are exclusively reserved for owner-occupiers who own no other real property and are residents of the State.

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

