

JAN 17 2024

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]~~ that 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 this
10 section. In selecting a depository the class of security
11 offered shall be considered as the basis of selection and due
12 regard shall be given to a depository doing business in the
13 State.
14 (b) ~~[No]~~ Not more than forty per cent of the aggregate
15 amount of moneys of the State available for deposit and on
16 deposit in the state treasury may be deposited in depositories
17 without the State.



1 (c) ~~[No]~~ Not more than sixty per cent of the aggregate
2 amount of moneys of the State available for deposit and on
3 deposit in the state treasury may be deposited in any one
4 depository; provided that if the yield offered by any one
5 depository in the State is greater than the yield offered by
6 other depositories in the State, then, consistent with the
7 safety and liquidity of ~~[such]~~ the moneys, more than sixty per
8 cent of the aggregate amount of moneys available for deposit and
9 on deposit in the stated treasury may be deposited in ~~[such]~~ the
10 depository within the State offering a higher yield.

11 (d) ~~[The]~~ Before the selection of the depository, the
12 director shall consider ~~[the]~~:

13 (1) The beneficial effects to the State of using
14 depositories within the State, ~~[as well as the]~~
15 including but not limited to the amount the depository
16 has lent at favorable terms to create housing below
17 market price or housing exclusively for residents of
18 the State who are occupants and own no other real
19 property; and



1 (2) The safety and liquidity of the sums to be deposited
2 in the depository and the yield offered by the
3 depository [~~prior to the selection of the depository~~].

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

9 (f) All deposits of money, except time deposits, shall be
10 paid upon demand on checks signed by the director and
11 countersigned by the comptroller, or by the payment of a
12 certificate of deposit issued by the depository, which
13 certificate shall be endorsed by the payee named therein, as
14 well as by the comptroller, or by preauthorized automatic
15 transfer of funds between transaction accounts held within the
16 same depository. Transaction accounts, as defined in Regulation
17 D of the Federal Reserve System, as authorized by [~~Section~~]
18 section 19 (12 U.S.C. 461 et seq.) of the Federal Reserve Act,
19 includes all checking accounts, both demand and interest
20 bearing. Each depository [~~shall~~], at the end of every month,
21 shall render to the director a statement, in duplicate, for each



1 of the funds of the State, showing the daily balances on open
2 commercial account [~~which~~] that were held by it during the
3 month. The duly authorized representatives of any depository
4 shall at all times during office hours have access to the
5 securities deposited by the depository to secure the deposits of
6 the State for the purpose of examining the same and removing the
7 coupons that may have matured, the examination to be made in the
8 presence of the director or the director's representative."

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

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

12

INTRODUCED BY: 



S.B. NO. 2026

Report Title:

Banks; Loans; Housing; Director of Finance; State Treasury
Depository

Description:

Requires the Director of Finance to consider, before 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.

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