

STAND. COM. REP. NO. **2398**

Honolulu, Hawaii

FEB 14 2024

RE: S.B. No. 2863
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2863 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC MONEYS,"

begs leave to report as follows:

The purpose and intent of this measure is to require that a portion of state moneys be deposited in a state-owned bank.

Your Committee received testimony in opposition to this measure from the Hawaii Bankers Association.

Your Committee received comments on this measure from the Division of Financial Institutions of the Department of Commerce and Consumer Affairs and Department of Budget and Finance.

Your Committee finds that following the previous economic downturn in 2008 and during the coronavirus disease 2019 pandemic, the lack of financing available for new businesses increased discussions regarding the establishment of state banks. Your Committee finds that state banks, or financial institutions that a state has chartered primarily to provide commercial banking services, can serve an important stabilizing role in the financial markets. Therefore, this measure requires the State to deposit a certain portion of state moneys into a state-owned bank, should a state-owned bank be established in Hawaii.



Your Committee has amended this measure by:

- (1) Requiring that a portion of state moneys be deposited in a financial institution chartered or authorized to do business in the State;
- (2) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2863, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2863, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,


JARRETT KEOHOKALOPE, Chair



