

A Bill for an Act Relating to Banks.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 403-71, Hawaii Revised Statutes, is amended to read as follows:

“§403-71 Amount of reserve; regulations and restrictions. Every bank shall have on hand at all times in actual money of the United States an amount equal to at least twelve per cent of the total demand deposits, five per cent of the total time deposits of the bank, and five per cent of the total savings deposits of the bank; provided that fifty per cent of the reserve required by law to be maintained may be deposited, payable on demand, in banks or trust companies (in the State or elsewhere) approved by the director of regulatory agencies of the State; the balance of the reserve shall be cash in the vaults of the bank; provided further, that banks in the State may have on deposit in banks in the city of Honolulu or with the written approval of the director in banks in the other states of the United States fifty per cent of the cash required to be kept for commercial and savings deposits. No bank shall be required to maintain any reserve on deposits of public funds. If any bank becomes a member of the federal reserve system or is required to maintain reserves by the Board of Governors of the Federal Reserve System or by federal law, it shall comply with the reserve requirements of the Federal Reserve Act and its amendments, and its compliance therewith shall be deemed a compliance with this section relative to reserves; provided that any bank required by the Board of Governors of the Federal Reserve System or by federal law to comply with the federal reserve system reserve requirements over a period of time shall have its State reserve requirements reduced accordingly over the same period of time at identical percentage amounts.”

SECTION 2. Statutory material to be repealed is bracketed. New material is underscored.*

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

(Approved June 17, 1981.)

*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.