

ACT 172

S.B. NO. 1071

A Bill for an Act Relating to Financial Institutions.

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

PART I

SECTION 1. Chapter 412, Hawaii Revised Statutes, is amended by adding a new section to article 2 to be appropriately designated and to read as follows:

“§412:2- Powers of the commissioner. In addition to any other powers provided by law, the commissioner shall have the authority to:

- (1) Administer and enforce the provisions and requirements of this chapter;
- (2) Adopt, amend, or repeal rules or issue declaratory rulings pursuant to chapter 91 to effectuate the purposes of this chapter;
- (3) Issue informal nonbinding interpretations to effectuate the purposes of this chapter;
- (4) Develop requirements for charter or licensure through rules;
- (5) Investigate and conduct hearings regarding any violation of this chapter or any rule or order of, or agreement with, the commissioner; and
- (6) Require a licensed or chartered entity or other entity with a certificate of authority to comply with any rule, guidance, guideline, statement, supervisory policy, or any similar proclamation issued or adopted by the appropriate federal regulatory authority.”

SECTION 2. Section 412:1-109, Hawaii Revised Statutes, is amended as follows:

1. By amending the definition of “appropriate federal regulatory agency” to read as follows:

““Appropriate federal regulatory agency” means, with respect to a financial institution or financial institution holding company, any one or more regulatory agencies of the federal government referred to in the following sentence which either (1) insures the deposits of the financial institution or financial institution holding company, or (2) has the power and duty to conduct periodic general examinations of the affairs of the financial institution or financial institution holding company by virtue of the legal characterization of the financial institution or financial institution holding company under federal law, and not by virtue of the fact of affiliation of the financial institution or financial institution holding company with any other person or an alleged violation of a specific law. Subject to the preceding sentence, an appropriate federal regulatory agency may [be] include the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Reserve Board, ~~[the Office of Thrift Supervision,]~~ the National Credit Union Administration, the Consumer Financial Protection Bureau, or any regulatory agency of the federal government which shall succeed to the insurance or supervisory duties of one of the foregoing.”

2. By amending the definition of “deposit” or “deposits” to read as follows:

““Deposit” or “deposits” means money or its equivalent received or held by a person in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a demand, checking, savings, time, passbook, negotiable order of withdrawal, thrift, or share account, or which is evidenced by its passbook, certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument, or a check, draft, or share draft drawn against a deposit account and certified by a person, on which the person is primarily liable. A deposit includes all funds underlying prepaid access cards or stored value cards and other non-traditional access mechanisms to the extent that the funds have been placed in a depository institution.”

SECTION 3. Section 412:3-501, Hawaii Revised Statutes, is amended to read as follows:

“§412:3-501 Authorized places of business. (a) A Hawaii financial institution may conduct business at one or more of the following places of business, to the extent authorized:

- (1) The principal office of a Hawaii financial institution is the place of business that it designates as its executive headquarters in this State. A financial institution may, but need not, conduct other businesses permitted under its charter or license at its principal office; provided that for the purposes of this section, the terms “principal office”, “home office”, and “main office” are interchangeable;
- (2) A branch is a place of business open to the public where a financial institution shall be authorized to conduct all businesses permitted under its charter or license, except for the maintenance of its executive headquarters[;]. A branch does not include an automated teller machine or a remote service unit;
- (3) An agency is a place of business open to the public where a financial institution may conduct only specific businesses approved by the commissioner in writing;
- (4) An [~~automatic~~] automated teller machine or ATM is a place of business, either at a fixed location or mobile, consisting of an on-line or off-line, staffed or unstaffed, electronic processing device, including associated equipment and structures, that is situated at a premises separate from a financial institution’s principal office, branch, agency, or support facility, at which deposits of cash or instruments, or cash disbursement transactions between a person and one or more financial institutions are accomplished, whether instantaneous or otherwise, through or by means of electronic or automated signals or impulses including the human voice[; ~~provided that it shall not mean a telephone or an electronic processing device situated at or within the premises of a bank customer that is used only for transactions between that customer and the financial institution~~]. The term does not include merchant operated terminals [~~and~~], point of sale terminals[;], and remote service units;
- (5) A remote service unit is a place of business, consisting of an on-line or off-line, staffed or unstaffed, electronic processing device, including associated equipment and structures, that is used only for transactions between a financial institution customer and the financial institution, and that is situated at premises separate from a financial institution’s principal office, branch, agency, or support facility, at which deposits of cash or instruments, or cash disbursement transactions, are accomplished, whether instantaneous or otherwise, through or by means of electronic or automated signals or impulses including the human voice; and

~~(6)~~ (6) A support facility is a place of business that is not generally open to the public, where a financial institution conducts limited types of significant business operations of the financial institution, including but not limited to data processing, clerical activities, and storage.

(b) In addition to conducting business at a place of business described in subsection (a), a Hawaii financial institution may conduct business in any other manner or place necessary or convenient; provided that deposits of cash or instruments shall not be received, checks, negotiable orders of withdrawal, or share drafts shall not be paid, and cash shall not be disbursed, except at an authorized principal office, branch [~~or automatic~~], automated teller machine, or remote service unit, or at any agency or support facility which has been authorized by the commissioner to accept deposits or disburse cash.”

SECTION 4. Section 412:5-203, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

“(a) “Operating subsidiary” means a corporation other than a corporation referred to in section 412:5-305(g)(2) to (8) of which more than [eighty] fifty per cent of the voting securities is held directly or indirectly by a bank.

(b) An operating subsidiary may engage in activities that are authorized for a bank, including those under section 412:5-305 and title 12 Code of Federal Regulations part 362, or that are usual or incidental to the business of a bank.”

SECTION 5. Section 412:5-302, Hawaii Revised Statutes, is amended to read as follows:

“§412:5-302 Limitations on loans and extensions of credit to one borrower.

(a) No bank shall permit a person to become indebted or liable to it, either directly or indirectly on loans and extensions of credit, including any credit exposure arising out of derivative transactions entered into by a bank and its subsidiaries, in a total amount outstanding at any one time in excess of twenty per cent of the capital and surplus of the bank.

(b) As used in this section, a “derivative transaction” includes any transaction that is a contract, agreement, swap, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, any quantitative measure of or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets.

~~[(b)]~~ (c) This section applies to all loans and extensions of credit made and to all credit exposure arising out of derivative transactions entered into by a bank and its subsidiaries. It does not apply to loans and extensions of credit made by a bank or its subsidiaries to its affiliates or subsidiaries.

~~[(e)]~~ (d) The limitations set forth in this section shall not apply to:

- (1) A bank’s eligible acceptances as described in section 412:5-204(b);
- (2) A bank’s purchase or discount of another bank’s acceptances of the kinds described in section 13 of the Federal Reserve Act;
- (3) A bank’s deposits with a Federal Reserve Bank, Federal Home Loan Bank, or another depository institution made in compliance with this chapter;
- (4) A bank’s sale of federal funds to another depository institution with a maturity of one business day or under a continuing contract;
- (5) Loans and extensions of credit secured by the interest-bearing obligations of the United States or those for which the faith and credit of the United States are distinctly pledged to provide for the payment of the principal and interest thereof or of the State or any county or municipal or political subdivision of this State, issued in compliance with the laws of this State, where the market value of the security shall be at any time not less than one hundred five per cent of the face amount of the loans and extensions of credit;
- (6) Loans and extensions of credit to the extent secured by a pledge or security interest in a deposit account in the lending bank; and
- (7) Loans and extensions of credit arising from the discount of negotiable or nonnegotiable credit sales contracts which carry a partial recourse endorsement or limited guarantee by the person transferring the credit sales contracts, if the bank’s respective file or the knowledge of its officers of the financial condition of each maker of ~~[such]~~ the credit sales contract is reasonably adequate, and an officer of the bank certifies in writing that the bank is relying primarily upon the responsibility of each maker for payment of ~~[such]~~ the credit sales

contract, and not upon any partial recourse endorsement or limited guarantee by the transferor. Under these circumstances, ~~such~~ the credit sales contract will be considered a loan and extension of credit to the maker of the credit sales contract rather than the seller of the credit sales contract.

~~[(4)]~~ (e) In computing the total loans and extensions of credit made by a bank to any person, all loans and extensions of credit by the bank to the person and to any partnership, joint venture, or unincorporated association of which the person is a partner or a member and all credit exposure arising from a derivative transaction with any person and with any partnership, joint venture, or unincorporated association of which the person is a partner or a member shall be included unless the person is a limited partner, but not a general partner, in a limited partnership, or unless the person is a partner in a limited or general partnership, or a member of a joint venture or unincorporated association, if such partner or member, by law, by the terms of the partnership, joint venture, or membership agreement, or by the terms of an agreement with the bank, is not to be held liable to the bank for the debts of the partnership, joint venture,¹ or association. In computing the total loans and extensions ~~of~~ of credit made by a bank to any firm, partnership, joint venture, or unincorporated association, all loans and extensions of credit to and all credit exposure arising from a derivative transaction with its individual partners or members shall be included unless such individual partner is a limited partner, but not a general partner, in a limited partnership, or unless such individual partner or member, by law, by the terms of the partnership, joint venture, or membership agreement, or by the terms of an agreement with the bank, is not to be held liable to the bank for the debts of the partnership, joint venture, or association.

~~[(e)]~~ (f) Alternatively, a bank may, with the prior approval of the commissioner, comply with the lending limits applicable to ~~[national banking associations]~~ federal financial institutions, as and to the same extent it would, at the time, be so required by federal law or regulation if it were a ~~[national banking association]~~ federal financial institution. A bank utilizing this alternative shall use a single method for calculating lending limits, including any credit exposure to the person arising from a derivative transaction, repurchase agreement, reverse purchase agreement, securities lending transaction, or securities borrowing transaction between the bank and the person. In monitoring a bank's compliance with the ~~[national banking association]~~ federal financial institution lending limits, the commissioner shall give substantial weight to the Office of the Comptroller of the Currency's regulations and opinions interpreting the ~~[national banking association]~~ federal financial institution lending limits ~~[and]~~, including but not limited to those related to the internal model method or the conversion factor matrix method for calculating credit exposure to derivative transactions as described in title 12 Code of Federal Regulations Part 32 of the Interim Rule as may be amended. The commissioner will regard ~~them~~ the regulations and opinions as strong evidence of safe and sound banking practices."

SECTION 6. Section 412:5-305, Hawaii Revised Statutes, is amended by amending subsections (f) and (g) to read as follows:

"(f) To the extent specified herein, a bank may purchase, hold, convey, sell, or lease real or personal property as follows:

- (1) The real property in or on which the business of the bank is carried on, including its banking offices~~;~~; other space in the same property to rent as a source of income; permanent or vacation residences or recreational facilities for its officers and employees; other real property necessary to the accommodation of the bank's business, includ-

ing but not limited to parking facilities, data processing centers, and real property held for future banking use where the bank in good faith expects to ~~[utilize]~~ use the property as bank premises; provided[,] that if the bank ceases to use any real property and improvements thereon for one of the foregoing purposes, it shall, within five years thereafter, sell the real property [or], cease to carry it or them as an asset[;], or transfer the real property to an operating subsidiary of the bank; provided further that the bank's investment in such operating subsidiary shall not exceed fifteen per cent of the bank's tier one capital; provided further, such property shall not without the approval of the commissioner exceed seventy-five per cent of the bank's capital and surplus;

- (2) Personal property used in or necessary to the accommodation of the bank's business, including but not limited to furniture, fixtures, equipment, vaults, and safety deposit boxes. The bank's investment in furniture and fixtures shall not without the approval of the commissioner exceed twenty-five per cent of the bank's capital and surplus;
- (3) Personal property and fixtures which the bank acquires for purposes of leasing to third parties, and such real property interests as shall be incidental thereto;
- (4) Such real property or tangible personal property as may come into its possession as security for loans or in the collection of debts; or as may be purchased by or conveyed to the bank in satisfaction of or on account of debts previously contracted in the course of its business, when such property was held as security by the bank; and
- (5) The seller's interest under an agreement of sale, as that term is defined in sections 501-101.5,¹ and 502-85, including without limitation the reversionary interest in the real estate and the right to income under the agreement of sale, with or without recourse to the seller.

Except as otherwise authorized in this section any tangible personal property acquired by a bank pursuant to subsection (f)(4) shall be disposed of as soon as practicable and shall not without the written consent of the commissioner be considered a part of the assets of the bank after the expiration of two years from the date of acquisition.

Except as otherwise authorized in this section any real property acquired by a bank pursuant to subsection (f)(4) shall be sold or exchanged for other real property by the bank within five years after title thereto has vested in it by purchase or otherwise, or within such further time as may be granted by the commissioner.

Any bank acquiring any real property in any manner other than provided by this section shall immediately, upon receiving notice from the commissioner, charge the same to profit and loss, or otherwise remove the same from assets, and when any loss impairs the capital and surplus of the bank the impairment shall be made good in the manner provided in this chapter.

For purposes of this subsection, "tier one capital" has the same meaning as "tier 1 capital" as set forth in title 12 Code of Federal Regulations section 325.2(v).

- (g) A bank may own or control ~~[the capital stock];~~
- (1) ~~[Of operating]~~ Operating subsidiaries, or the parent of the operating subsidiary, as set forth in this article;
- (2) ~~[Of a]~~ A corporation, partnership, or limited liability company, organized and existing for the ownership of real or personal property

used or which the bank in good faith expects to be used in the bank's business;] or used for a permissible purpose under title 12 Code of Federal Regulations part 362.

- (3) [~~Of~~] The capital stock of the Federal National Mortgage Association, the Student Loan Marketing Association, Federal Home Loan Mortgage Corporation, or of any other corporation organized for substantially the same purposes; provided that this subsection shall be deemed to authorize subscription for as well as purchase of the stock;
- (4) [~~Of~~] A small business investment [~~companies~~] company operating under the Federal Small Business Investment Act of 1958;
- (5) [~~Of bank~~] Bank service corporations, subject to the Bank Service [~~Corporation~~] Company Act, 12 [U.S.C. §§] United States Code sections 1861-1862;
- (6) [~~Of a~~] A corporation whose stock is acquired or purchased to save a loss on a preexisting debt secured by such stock; provided, that the stock shall be sold within twelve months of the date acquired or purchased, or within such further time as may be granted by the commissioner;
- (7) [~~Of an~~] An international banking corporation established pursuant to article 5A [~~of this chapter~~] or an Edge corporation or an Agreement corporation established or authorized pursuant to section 25a of the Federal Reserve Act, 12 [U.S.C. §] United States Code section 631;
- (8) [~~Of a~~] A captive insurance company incorporated under the laws of the United States, or any state or territory thereof, or the District of Columbia;
- (9) [~~Of a~~] A company transacting a business of insurance or the sale of annuities pursuant to the authority conferred in section 412:5-205.5; and
- (10) [~~Of a~~] A company engaging in securities activities pursuant to the authority conferred in section 412:5-205.7.”

SECTION 7. Section 412:6-303, Hawaii Revised Statutes, is amended to read as follows:

“§412:6-303 Limitations on loans and extensions of credit to one borrower.

(a) No savings bank shall permit a person to become indebted or liable to it, either directly or indirectly, on loans and extensions of credit, including any credit exposure arising out of derivative transactions entered into by a savings bank and its subsidiaries, in a total amount outstanding at any one time in excess of twenty per cent of the capital and surplus of the savings bank.

(b) As used in this section, a “derivative transaction” includes any transaction that is a contract, agreement, swap, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, any quantitative measure of, or the occurrence of any event relating to one or more commodities, securities, currencies, interest or other rates, indices, or other assets.

~~(b)~~ (c) This section applies to all loans [~~and~~], extensions of credit made, and credit exposure arising out of derivative transactions entered into, by a savings bank and its subsidiaries. It does not apply to loans and extensions of credit made by a savings bank or its subsidiaries to its affiliates or subsidiaries.

~~(e)~~ (d) The limitations set forth in this section shall not apply to:

- (1) A savings bank's deposits with a Federal Reserve Bank, Federal Home Loan Bank, or another depository institution made in compliance with this chapter;
- (2) A savings bank's sale of federal funds to another depository institution with a maturity of one business day or under a continuing contract;
- (3) Loans and extensions of credit secured by the interest-bearing obligations of the United States or those for which the faith and credit of the United States are distinctly pledged to provide for the payment of the principal and interest thereof or of the State or any county or municipal or political subdivision of this State, issued in compliance with the laws of this State, where the market value of the security shall be at any time not less than one hundred five per cent of the face amount of the loans and extensions of credit;
- (4) Loans and extensions of credit to the extent secured by a pledge or security interest in a deposit account in the savings bank serving as the lender; and
- (5) Loans and extensions of credit arising from the discount of negotiable or nonnegotiable credit sales contracts which carry a partial recourse endorsement or limited guarantee by the person transferring the credit sales contract, if the savings bank's respective file or the knowledge of its officers of the financial condition of each maker of ~~[such]~~ the consumer paper is reasonably adequate, and an officer of the savings bank certifies in writing that the savings bank is relying primarily upon the responsibility of each maker for payment of ~~[such]~~ the credit sales contract,¹ and not upon any partial recourse endorsement or limited guarantee by the transferor. Under these circumstances, ~~[such]~~ the credit sales contract will be considered a loan and extension of credit to the maker of the credit sales contract rather than the seller of the credit sales contract.

~~[(d)]~~ (e) In computing the total loans and extensions of credit made by a savings bank to any person, all loans and extensions of credit by the savings bank to the person and to any partnership, joint venture, or unincorporated association of which the person is a partner or a member and all credit exposure arising from a derivative transaction with any person and with any partnership, joint venture, or unincorporated association of which the person is a partner or a member shall be included unless the person is a limited partner, but not a general partner, in a limited partnership, or unless the person is a partner in a limited or general partnership, or a member of a joint venture or unincorporated association, if such partner or member, by law, by the terms of the partnership, joint venture, or membership agreement, or by the terms of an agreement with the savings bank, is not to be held liable to the savings bank for the debts of the partnership, joint venture, or association. In computing the total loans and extensions ~~[of]~~ credit made by a savings bank to any firm, partnership, joint venture, or unincorporated association, all loans and extensions of credit to and all credit exposure arising from a derivative transaction with its individual partners or members shall be included unless such individual partner is a limited partner, but not a general partner, in a limited partnership, or unless such individual partner or member, by law, by the terms of the partnership, joint venture, or membership agreement, or by the terms of an agreement with the savings bank, is not to be held liable to the savings bank for the debts of the partnership, joint venture, or association.

~~[(e)]~~ (f) Alternatively, a savings bank may, with the prior approval of the commissioner, comply with the lending limits applicable to ~~[national banking~~

associations,] federal financial institutions, as and to the same extent it would, at the time, be so required by federal law or regulation if it were a [~~national banking association.~~] federal financial institution. A savings bank utilizing this alternative shall use a single method for calculating lending limits, including any credit exposure to the person arising from a derivative transaction, repurchase agreement, reverse purchase agreement, securities lending transaction, or securities borrowing transaction between the savings bank and the person. In monitoring a savings bank's compliance with the [~~national banking association~~] federal financial institution lending limits, the commissioner shall give substantial weight to the Office of the Comptroller of the Currency's regulations and opinions interpreting the [~~national banking association~~] federal financial institution lending limits [and], including but not limited to those related to the internal model method or the conversion factor matrix method for calculating credit exposure to derivative transactions as described in title 12 Code of Federal Regulations Part 32 of the Interim Rule as may be amended. The commissioner will regard [~~them~~] the regulations and opinions as strong evidence of safe and sound banking practices."

SECTION 8. Section 412:9-200, Hawaii Revised Statutes, is amended to read as follows:

"§412:9-200 General powers. Except as expressly prohibited or limited by this chapter, a financial services loan company shall have the power to make loans where the interest charged, contracted for, or received is in excess of rates permitted by law, other than this article, and to engage in other activities that are usual or incidental to the business for which it is licensed, and shall have all rights, powers, and privileges of a corporation organized under the laws of this State, including but not limited to, the power to:

- (1) Make loans and extensions of credit of any kind, whether unsecured or secured by real or personal property of any kind or description;
- (2) Borrow money from any source within or without this State;
- (3) Charge or retain a fee for the originating, selling, brokering, or servicing of loans and extensions of credit;
- (4) Discount, purchase, or acquire loans, including but not limited to notes, credit sales contracts, mortgage loans, or other instruments;
- (5) Become the legal or beneficial owner of tangible personal property and fixtures and such other real property interests as shall be incidental thereto, to lease such property, to obtain an assignment of a lessor's interest in a lease of the property, and to incur obligations incidental to the financial services loan company's position as the legal or beneficial owner and the lessor of the property;
- (6) Sell or refer credit related insurance products, and collect premiums or fees for the sale or referral thereof, including, but not limited to, credit life insurance, credit disability insurance, accident, and health or sickness insurance, involuntary unemployment insurance, personal property insurance, and mortgage protection insurance;
- (7) Make investments as permitted under this article; [and]
- (8) Charge to a borrower a returned check fee if a check that has been tendered by the borrower in payment on account of a loan is returned unpaid; provided that:
 - (A) The fee shall not exceed \$20;
 - (B) The fee shall be imposed under a separate billing, and shall not be added to a borrower's outstanding loan balance nor deducted from a loan payment; and

- (C) A failure to pay the fee shall not constitute a default under any outstanding loan agreement between the borrower and the financial services loan company[-]; and
- (9) Charge to a borrower a “below minimum draft fee” of \$10 per draft for the processing costs involved on a draft written below the minimum amount established on an open-ended loan.”

SECTION 9. Section 412:9-404, Hawaii Revised Statutes, is amended to read as follows:

“§412:9-404 [Limitation] Limitations on loans and extensions of credit to one borrower. (a) No depository financial services loan company shall permit a person to become indebted or liable to it, either directly or indirectly, on loans and extensions of credit, including any credit exposure arising out of derivative transactions entered into by a depository financial services loan company and its subsidiaries, in a total amount outstanding at any one time in excess of twenty per cent of the depository financial services loan company’s capital and surplus; provided that such aggregate amount may be increased to one hundred per cent of the depository financial services loan company’s capital and surplus if the loans and extensions of credit made to the person in excess of twenty per cent of the depository financial services loan company’s capital and surplus are fully secured by real property as provided in section 412:9-405.

(b) As used in this section, a “derivative transaction” includes any transaction that is a contract, agreement, swap, warrant, note, or option that is based, in whole or in part, on the value of, any interest in, any quantitative measure of, or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices, or other assets.

~~[(b)]~~ (c) The limitations set forth in this section shall not apply to:

- (1) Loans and extensions of credit to the extent secured by a pledge or security interest in a deposit account in the lending depository financial services loan company; and
- (2) Loans and extensions of credit secured by the interest-bearing obligations of the United States or those for which the faith and credit of the United States are distinctly pledged to provide for the payment of principal and interest thereof or of the State or any county or municipal or political subdivision of this State, issued in compliance with the laws of this State, where the market value of the security shall be at any time not less than one hundred five per cent of the face amount of the loans and extensions of credit.

(d) In computing the total loans and extensions of credit made by a depository financial services loan company to any person, all loans and extensions of credit by the depository financial services loan company to the person and to any partnership, joint venture, or unincorporated association of which the person is a partner or a member and all credit exposure arising from a derivative transaction with any person and with any partnership, joint venture, or unincorporated association of which the person is a partner or a member shall be included unless the person is a limited partner, but not a general partner, in a limited partnership, or unless the person is a partner in a limited or general partnership, or a member of a joint venture or unincorporated association, if such partner or member, by law, by the terms of the partnership, joint venture, or membership agreement, or by the terms of an agreement with the depository financial services loan company, is not to be held liable to the depository financial services loan company for the debts of the partnership, joint venture, or association. In computing the total loans and extensions of credit made by a

depository financial services loan company to any firm, partnership, joint venture, or unincorporated association, all loans and extensions of credit to and all credit exposure arising from a derivative transaction with its individual partners or members shall be included unless such individual partner is a limited partner, but not a general partner, in a limited partnership, or unless such individual partner or member, by law, by the terms of the partnership, joint venture, or membership agreement, or by the terms of an agreement with the depository financial services loan company, is not to be held liable to the depository financial services loan company for the debts of the partnership, joint venture, or association.

(e) Alternatively, a depository financial services loan company, with the prior approval of the commissioner, may comply with the lending limits applicable to federal financial institutions as and to the same extent it would, at the time, be so required by federal law or regulation if it were a federal financial institution. A depository financial services loan company utilizing this alternative shall use a single method for calculating lending limits, including any credit exposure to the person arising from a derivative transaction, repurchase agreement, reverse purchase agreement, securities lending transaction, or securities borrowing transaction between the depository financial services loan company and the person. In monitoring a depository financial services loan company's compliance with the federal financial institution lending limits, the commissioner shall give substantial weight to the Office of the Comptroller of the Currency's regulations and opinions interpreting the federal financial institution lending limits, including but not limited to those related to the internal model method or the conversion factor matrix method for calculating credit exposure to derivative transactions as described in title 12 Code of Federal Regulations Part 32 of the Interim Rule as may be amended. The commissioner will regard the regulations and opinions as strong evidence of safe and sound banking practices."

PART II

SECTION 10. Chapter 412, Hawaii Revised Statutes, is amended by adding a new section to article 2 to be appropriately designated, and to read as follows:

"§412:2- Hawaii financial institutions; assessments; fees; penalty. (a) Beginning January 1, 2014, every Hawaii financial institution shall be assessed a yearly fee in accordance with the following:

- (1) For financial institutions with total assets under \$750,000, the assessment shall be the sum of \$1,000 plus the product of 0.00029111 times total assets;
- (2) For financial institutions with total assets of at least \$750,000 but under \$7,500,000, the assessment shall be the sum of \$2,000 plus the product of 0.00029111 times total assets;
- (3) For financial institutions with total assets of at least \$7,500,000 but under \$20,000,000, the assessment shall be the sum of \$4,800 plus the product of 0.00029111 times total assets;
- (4) For financial institutions with total assets of at least \$20,000,000 but under \$75,000,000, the assessment shall be the sum of \$9,900 plus the product of 0.000064 times total assets;
- (5) For financial institutions with total assets of at least \$75,000,000 but under \$200,000,000, the assessment shall be the sum of \$15,000 plus the product of 0.00005333 times total assets;

- (6) For financial institutions with total assets of at least \$200,000,000 but under \$1,000,000,000, the assessment shall be the sum of \$21,100 plus the product of 0.00004750 times total assets;
- (7) For financial institutions with total assets of at least \$1,000,000,000 but under \$20,000,000,000, the assessment shall be the sum of \$29,000 plus the product of 0.00004 times total assets;

provided that the yearly fee assessed for financial institutions with total assets of at least \$2,000,000,000 but less than \$10,000,000,000 shall be no more than \$100,000, and the yearly fee assessed for financial institutions with total assets of at least \$10,000,000,000 shall be no more than \$150,000.

(b) The assessments shall be paid semiannually on February 15 and August 15 of each year based on the institution's total assets reported as of the previous December 31 and June 30, respectively; provided that the payments of the assessment shall commence on February 15, 2014.

(c) In addition to the assessments established in subsection (a), a financial institution or financial institution applicant shall pay fees as follows:

- (1) A nonrefundable fee of \$10,000 for an application for preliminary approval by the commissioner for the organization of a Hawaii financial institution pursuant to section 412:3-201, 412:3-202, 412:3-206, 412:3-301, or 412:5-205;
- (2) A nonrefundable fee of \$9,000 for an application for preliminary approval by the commissioner for the organization of a Hawaii financial institution pursuant to section 412:5-402;
- (3) A nonrefundable fee of \$2,500 for a final application for a charter or license to engage in the business of a Hawaii financial institution pursuant to section 412:3-212;
- (4) A nonrefundable fee of \$2,500 for a final application for a charter or license to engage in the business of a savings bank pursuant to section 412:6-101;
- (5) A nonrefundable fee of \$2,500 for a final application for a charter or license to engage in the business of a trust company pursuant to section 412:8-102;
- (6) A nonrefundable fee of \$10,000 for an application for a merger or consolidation or acquisition of control involving a Hawaii financial institution;
- (7) A nonrefundable fee of \$10,000 for an application for the acquisition of control of a Hawaii financial institution;
- (8) A nonrefundable fee of \$2,500 for an application for the conversion of a federal financial institution to a Hawaii financial institution or the conversion of a Hawaii financial institution to another Hawaii financial institution charter;
- (9) A nonrefundable fee of \$5,000 for an application of a bank to conduct a trust business through a subsidiary, division, or department of the bank pursuant to 412:5-205;
- (10) A nonrefundable fee of \$5,000 for an application of a bank to conduct insurance activities pursuant to section 412:5-205.5;
- (11) A nonrefundable fee of \$5,000 for an application of a bank to engage in securities activities pursuant to section 412:5-205.7;
- (12) A nonrefundable fee of \$2,000 for an application for a bank or savings bank to comply with lending limits applicable to federal financial institutions pursuant to section 412:5-302 or section 412:6-303;
- (13) A nonrefundable fee of \$2,000 for an application to exceed certain permitted investment limits pursuant to sections 412:5-305(f) and

(h), 412:6-306(f) and (h), 412:7-306(f) and (h), 412:8-301(f), 412:9-409(f) and (i), and 412:10-502(g); and

- (14) A nonrefundable fee of \$2,500 for an application for a charter of a credit union.

(d) Beginning January 1, 2014, the annual fee for each intra-Pacific financial institution and interstate branch of out of state banks is the sum of \$1,000 for each office, agency, and branch office maintained by the financial institution, payment of which shall be made before December 31 of each year. The commissioner may establish, increase, decrease, or repeal this fee pursuant to rules adopted in accordance with chapter 91.

(e) Intra-Pacific bank fees shall be as follows:

- (1) A nonrefundable fee of \$750 for an application for a branch, subsidiary, or subsidiary of a holding company of an intra-Pacific bank pursuant to section 412:5-402; and

- (2) A nonrefundable fee of \$500 for an application to relocate a branch, subsidiary, or subsidiary of a holding company of an intra-Pacific bank established or acquired pursuant to section 412:5-401.

(f) A nonrefundable fee of \$500 shall be assessed for an application to relocate a branch established pursuant to section 412:12-107.

(g) A nonrefundable fee of \$100 shall be assessed for each certificate of good standing for any Hawaii financial institution; provided that an additional fee of \$100 shall be assessed for each certificate of good standing that is requested to be provided in two business days from receipt of request.

(h) All assessments and fees shall be deposited into the compliance resolution fund established pursuant to section 26-9(o).

(i) For purposes of this section, "total assets" means for an insured depository institution the total assets reported in the financial institution's quarterly reports of condition, or call reports, which are required to be filed pursuant to section 7(a)(3) of the Federal Deposit Insurance Act or in the unaudited financial statements filed pursuant to section 412:3-112.

(j) A Hawaii financial institution that fails to make a payment required by this section shall be subject to an administrative fine of not more than \$250 per day for each day it is in violation of this section, which fine, together with the amount due under this section, may be recovered pursuant to section 412:2-611 and shall be deposited into the compliance resolution fund established pursuant to section 26-9(o)."

SECTION 11. Section 412:2-105, Hawaii Revised Statutes, is amended to read as follows:

~~"§412:2-105 Fees [and assessments]. [(a) The commissioner may charge an examination fee based upon the cost per hour per examiner for all financial institutions examined by the commissioner or the commissioner's staff. Effective July 1, 1995, the hourly fee shall be \$40. After July 1, 1996, the commissioner may establish, increase, decrease, or repeal the hourly fee when necessary pursuant to rules adopted in accordance with chapter 91.~~

~~(b) In addition to the examination fee, the~~ (a) The commissioner ~~[may]~~ shall charge any financial institution examined ~~[or investigated]~~ by the commissioner or the commissioner's staff, ~~[additional amounts]~~ an amount for travel, per diem, mileage, and other reasonable expenses incurred in connection with the examination.

~~[(e)]~~ (b) The commissioner shall bill the affected financial institution for ~~[examination fees and]~~ expenses as soon as feasible after the close of the examination ~~[or investigation]~~. The affected financial institution shall pay the division

[of financial institutions] within thirty days following the billing. All such payments shall be deposited to the compliance resolution fund established pursuant to section 26-9(o). All disputes relating to these billings between the affected financial institution and the commissioner shall be resolved in accordance with the procedures for contested cases under chapter 91.

~~[(d) The commissioner, by rules adopted in accordance with chapter 91, may set reasonable fee amounts to be collected by the division in connection with its regulatory functions, including, without limitation, any fees for renewals, applications, licenses, and charters. Unless otherwise provided by statute, all such fees shall be deposited into the compliance resolution fund established pursuant to section 26-9(o).~~

~~(e)] (c) A Hawaii financial institution that fails to make a payment required by this section shall be subject to an administrative fine of not more than \$250 per day for each day it is in violation of this section, which fine, together with the amount due under this section, may be recovered pursuant to section 412:2-611, and shall be deposited into the compliance resolution fund established pursuant to section 26-9(o)."~~

SECTION 12. Section 412:2-508, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Applications for a provisional approval shall be filed with the commissioner, and shall provide the information required by this chapter for preliminary approval to organize the type of financial institution that will result from the merger or acquisition under this part. The applicant shall also furnish such other information as the commissioner may require, and an application fee [as established by the commissioner.] assessed pursuant to section 412:2-"

SECTION 13. Section 412:3-102, Hawaii Revised Statutes, is amended to read as follows:

"**§412:3-102 Change of name.** To change its name, a Hawaii financial institution shall file an application with the commissioner [~~and pay the fees as the commissioner may establish~~]. The application shall be approved if the commissioner is satisfied that the new name complies with this chapter and chapter 414. Any change of name of a stock financial institution pursuant to this section shall be effected in accordance with chapter 414. Any change of name shall not affect a financial institution's rights, liabilities, or obligations existing prior to the effective date thereof, and no documents of transfer shall be necessary to preserve the rights, liabilities, or obligations; provided that the commissioner may require notice to be given to the public and other governmental agencies."

SECTION 14. Section 412:3-212, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) If the commissioner is satisfied that the financial institution and, if applicable, its holding company have fulfilled all the requirements of law and the grounds for preliminary approval, and that the financial institution is qualified to engage in the business of a financial institution, the commissioner shall issue a written decision and order approving the application. The order may restrict the payment of dividends for a period of up to three years, and may contain any other conditions and restrictions on the financial institution that are in the public interest, including but not limited to the divestment of any contractual arrangement with an affiliate or subsidiary involving any type of business not permitted under this chapter. Upon the satisfactory fulfillment by the financial institution and, if applicable, its holding company of the conditions in the writ-

ten decision and order approving the application and upon the payment by a depository financial services loan company of ~~[an] the~~ initial license fee ~~[established by rule pursuant to chapter 91,]~~ assessed pursuant to section 412:2- the commissioner shall issue to the financial institution a charter or license to engage in the business of a financial institution under this chapter.”

SECTION 15. Section 412:3-301, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The application shall be submitted on a form prescribed by the commissioner~~[- The application]~~ and shall be accompanied by an application fee ~~[of \$5,000, or such greater amount as the commissioner shall establish by rule pursuant to chapter 91. The application fee shall not be refundable.]~~ assessed pursuant to section 412:2-”

SECTION 16. Section 412:3-304, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) If the commissioner is satisfied that the applicant has fulfilled all the requirements of law and is qualified to engage in the business of a nondepository financial services loan company, the commissioner shall issue a written decision and order approving the application. Upon the approval of the application~~[- the payment of an initial license fee established by rule pursuant to chapter 91,]~~ and, if applicable, upon providing satisfactory evidence to the commissioner of compliance with the requirements of chapter 414 relating to foreign corporations, the commissioner shall issue to the applicant a license to engage in the business of a nondepository financial services loan company under this chapter.”

SECTION 17. Section 412:3-505, Hawaii Revised Statutes, is amended to read as follows:

“**§412:3-505 Opening or relocating out-of-state branch or agency.** With the commissioner’s prior written approval, a Hawaii financial institution may open or relocate a branch or agency that is outside of this State, including but not limited to any state, possession, or territory of the United States or any foreign country. An application to open or relocate an out-of-state branch or agency shall be filed in accordance with section 412:3-503~~[- and the commissioner may assess the financial institution any additional expenses as may be reasonably necessary to consider the application].~~”

SECTION 18. Section 412:3-603, Hawaii Revised Statutes, is amended to read as follows:

“**§412:3-603 Procedure for applications pursuant to this part.** Whenever the written approval of the commissioner is required with respect to any transaction covered by this part, the following procedures shall apply:

- (1) An application for approval by the commissioner pursuant to this part shall be on a form prescribed by the commissioner and shall contain any information, data, and records as the commissioner may require~~[-]~~, and shall be accompanied by a nonrefundable application fee assessed pursuant to section 412:2-. As far as possible consistent with the effective discharge of the commissioner’s responsibilities, the commissioner shall prescribe the use of forms currently prescribed by the appropriate federal regulatory agency of financial institutions and financial institution holding companies for identical or similar types of transactions~~[- The application shall~~

be accompanied by an application fee established by the commissioner pursuant to section 412:2-105. The application fee shall not be refundable];

- (2) If any material change occurs in the facts set forth in an application, or if for any other reason the applicant desires to amend the application, an amendment setting forth any change, together with copies of all documents and other material relevant to the change, shall be filed with the commissioner. Within twenty days after receiving an application or any amendment thereto, the commissioner may request any additional information necessary in deciding whether to approve a proposed transaction pursuant to this part. The applicant shall submit the additional information in a reasonable time thereafter, as may be specified by the commissioner;
- (3) If the commissioner would approve a plan of conversion, merger, or consolidation, an acquisition of assets or assumption of liabilities; an acquisition of control, or a voluntary cessation of business or voluntary dissolution, but on terms different than contained in the application, the commissioner may give notice to the applicant of the nature of the changes ~~[which]~~ that would be approved, and the applicant may submit an amended application;
- (4) If the commissioner intends to disapprove an application, the commissioner shall deliver to the applicant a written notice of the intent to disapprove. Within ten days after receipt of the commissioner's notice of intent to disapprove an application, the applicant may request an administrative hearing, to be held in accordance with chapter 91. If no request for a hearing is made, the commissioner's disapproval shall become final. If after the hearing the commissioner finally disapproves the application, the applicant may, within thirty days of the date of the final decision, appeal to the circuit court as provided in chapter 91;
- (5) Notwithstanding any other provision of this part, any complete application ~~[which]~~ that is not approved or denied by the commissioner within a period of sixty days after the application is filed with the commissioner or, if the applicant consents to an extension of the period within which the commissioner may act, within the extended period, shall be deemed to be approved by the commissioner as of the first day after the period of sixty days or the extended period. If the commissioner gives notice of an informational and comment proceeding on the application, the sixty-day period shall be extended to a date as may be fixed by order of the commissioner. For purposes of this section, an application is deemed to be filed with the commissioner at the time when the complete application, including any amendments or supplements, containing all of the information in the form required by the commissioner, is received and accepted by the commissioner; and
- (6) Any applicant submitting information to the commissioner pursuant to this part may request that the information, or any part thereof, be kept confidential. The request shall be made in writing and shall set forth the specific items sought to be kept confidential and the reasons and authority for the confidential treatment. The commissioner may, pursuant to a request or otherwise, determine that good cause exists to keep some or all of the information confidential, and shall keep the information confidential and not subject to public disclosure. In connection with an application for the acqui-

sition of control pursuant to section 412:3-612, the commissioner may release information to the affected financial institution or financial institution holding company with a directive that some or all of the information be kept confidential.”

SECTION 19. Section 412:5-203, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

“(d) The bank shall file an application with the commissioner in a form approved by the commissioner. The application shall be accompanied by a fee ~~[the amount of which shall be prescribed by rule.]~~ assessed pursuant to section 412:2-_____. The application shall contain the following information concerning the proposed operating subsidiary:

- (1) The name and date for commencement of operations;
- (2) The specific location;
- (3) The activities and nature of business;
- (4) The ownership, amount, and nature of the investment; and
- (5) Any other information that the commissioner may require.”

SECTION 20. Section 412:5-205, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) The bank shall file an application for such approval with the commissioner on a form prescribed by the commissioner, together with an application fee ~~[of \$5,000, or such greater amount as the commissioner shall establish, no part of which shall be refundable.]~~ assessed pursuant to section 412:2-_____. The application shall contain the following information:

- (1) Appropriate board resolutions authorizing the establishment of a trust company, division, or department;
- (2) Employment history, education, management experience, and other biographical information for all executive officers, trust officers, and managers of the trust company, division, or department;
- (3) Proposed policies concerning common trust funds, overdrafts, disaster recovery plans, dividends, management of assets and liabilities, conflicts of interest, investments, and fee schedules. The commissioner may consider any existing bank policies that will be adapted and ~~[utilized]~~ used for its trust business;
- (4) A business plan and financial projections regarding profitability of the proposed trust business;
- (5) Evidence that the bank has or will have the financial ability, responsibility, and experience to engage in the trust business; and
- (6) Any other information ~~[which]~~ that the commissioner may require.”

SECTION 21. Section 412:5-205.5, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

“(c) The bank shall file an application for approval with the commissioner in a form prescribed by the commissioner. The application shall be accompanied by a fee ~~[the amount of which shall be prescribed by rule.]~~ assessed pursuant to section 412:2-_____. The application shall contain:

- (1) A description of the activities to be conducted;
- (2) The experience and qualifications of the proposed managers;
- (3) The specific location where the activities will be conducted; and
- (4) Any other information that the commissioner may require.

If the bank proposes to engage in the business of insurance through a subsidiary or affiliate, then the application shall also contain information regarding the experience and qualifications of the proposed executive officers and direc-

tors of the subsidiary or affiliate and the ownership, amount, and nature of the bank's investment in and advances to the subsidiary or affiliate. Upon being satisfied that the application is complete, that the conduct of the insurance business will not affect the safety or soundness of the bank or harm the public interest, and that the bank and its subsidiary or affiliate, if applicable, have sufficient experience, qualifications, and financial capability to engage in the activities authorized by this section, the commissioner shall approve the application. The commissioner may impose any terms and conditions [~~which~~] that the commissioner considers necessary to protect the bank, the customers of the bank, and the public interest."

SECTION 22. Section 412:5-205.7, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) The bank shall file an application for approval with the commissioner in a form prescribed by the commissioner [~~The application shall be~~] and accompanied by a fee [~~the amount of which shall be prescribed by rule.~~] assessed pursuant to section 412:2-. The application shall contain:

- (1) A description of the activities to be conducted;
- (2) The experience and qualifications of the proposed managers;
- (3) The specific location where the activities will be conducted; and
- (4) Any other information that the commissioner may require.

If the bank proposes to engage in securities activities through a subsidiary or affiliate, then the application shall also contain information regarding the experience and qualifications of the proposed executive officers and directors of the subsidiary or affiliate and the ownership, amount, and nature of the bank's investment in and advances to the subsidiary or affiliate. Upon being satisfied that the application is complete, that the conduct of the securities activities will not affect the safety or soundness of the bank or harm the public interest, and that the bank and its subsidiary or affiliate, if applicable, have sufficient experience, qualifications, and financial capability to engage in the activities authorized by this section, the commissioner shall approve the application. The commissioner may impose any terms and conditions [~~which~~] that the commissioner considers necessary to protect the bank, the customers of the bank, and the public interest."

SECTION 23. Section 412:5-402, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) In order to obtain prior approval of the commissioner, the applicant shall file the application required by and comply with the provisions of article 3. The application shall be accompanied by the application fee assessed pursuant to section 412:2-. The application shall contain the following information:

- (1) The applicant's articles of incorporation and bylaws, or other basic governing documents;
- (2) A certificate from the appropriate regulatory body where its home office is located, indicating that the applicant is in good standing in that jurisdiction; and
- (3) Any other information required by the commissioner."

SECTION 24. Section 412:6-201, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Any savings bank desiring to acquire any federal power shall file an application with the commissioner. The application shall indicate the applicable federal statute, rule, regulation, interpretation, or court decision[;]; the extent of the federal power desired[;]; the reasons for the application[;]; and any other

information requested by the commissioner. The commissioner may by rule prescribe the form of application [~~and application filing fees~~].”

SECTION 25. Section 412:9-102, Hawaii Revised Statutes, is repealed.

PART III

SECTION 26. Chapter 412, Hawaii Revised Statutes, is amended by adding a new section to article 2 to be appropriately designated and to read as follows:

“**§412:2- Hawaii financial institutions; fees; penalty.** (a) A financial institution or financial institution applicant shall pay fees as follows:

- (1) A nonrefundable fee of \$10,000 for an application for preliminary approval by the commissioner for the organization of a Hawaii financial institution pursuant to section 412:3-201, 412:3-202, 412:3-206, 412:3-301, or 412:5-205;
- (2) A nonrefundable fee of \$9,000 for an application for preliminary approval by the commissioner for the organization of a Hawaii financial institution pursuant to section 412:5-402;
- (3) A nonrefundable fee of \$2,500 for a final application for a charter or license to engage in the business of a Hawaii financial institution pursuant to section 412:3-212;
- (4) A nonrefundable fee of \$2,500 for a final application for a charter or license to engage in the business of a savings bank pursuant to section 412:6-101;
- (5) A nonrefundable fee of \$2,500 for a final application for a charter or license to engage in the business of a trust company pursuant to section 412:8-102;
- (6) A nonrefundable fee of \$10,000 for an application for a merger or consolidation or acquisition of control involving a Hawaii financial institution;
- (7) A nonrefundable fee of \$10,000 for an application for the acquisition of control of a Hawaii financial institution;
- (8) A nonrefundable fee of \$2,500 for an application for the conversion of a federal financial institution to a Hawaii financial institution or the conversion of a Hawaii financial institution to another Hawaii financial institution charter;
- (9) A nonrefundable fee of \$5,000 for an application of a bank to conduct a trust business through a subsidiary, division, or department of the bank pursuant to 412:5-205;
- (10) A nonrefundable fee of \$5,000 for an application of a bank to conduct insurance activities pursuant to section 412:5-205.5;
- (11) A nonrefundable fee of \$5,000 for an application of a bank to engage in securities activities pursuant to section 412:5-205.7;
- (12) A nonrefundable fee of \$2,000 for an application for a bank or savings bank to comply with lending limits applicable to federal financial institutions pursuant to section 412:5-302 or section 412:6-303;
- (13) A nonrefundable fee of \$2,000 for an application to exceed certain permitted investment limits pursuant to sections 412:5-305(f) and (h), 412:6-306(f) and (h), 412:7-306(f) and (h), 412:8-301(f), 412:9-409(f) and (i), and 412:10-502(g); and
- (14) A nonrefundable fee of \$2,500 for an application for a charter of a credit union.

(b) Intra-Pacific bank fees shall be as follows:

- (1) A nonrefundable fee of \$750 for an application for a branch, subsidiary, or subsidiary of a holding company of an intra-Pacific bank pursuant to section 412:5-402; and
- (2) A nonrefundable fee of \$500 for an application to relocate a branch, subsidiary, or subsidiary of a holding company of an intra-Pacific bank established or acquired pursuant to section 412:5-401.

(c) A nonrefundable fee of \$500 shall be assessed for an application to relocate a branch established pursuant to section 412:12-107.

(d) A nonrefundable fee of \$100 shall be assessed for each certificate of good standing for any Hawaii financial institution; provided that an additional fee of \$100 shall be assessed for each certificate of good standing that is requested to be provided in two business days from receipt of request.

(e) All assessments and fees shall be deposited into the compliance resolution fund established pursuant to section 26-9(o).

(f) For purposes of this section, “total assets” means for an insured depository institution the total assets reported in the financial institution’s quarterly reports of condition, or call reports, which are required to be filed pursuant to section 7(a)(3) of the Federal Deposit Insurance Act or in the unaudited financial statements filed pursuant to section 412:3-112.

(g) A Hawaii financial institution that fails to make a payment required by this section shall be subject to an administrative fine of not more than \$250 for each day it is in violation of this section, which fine, together with the amount due under this section, may be recovered pursuant to section 412:2-611 and shall be deposited into the compliance resolution fund established pursuant to section 26-9(o).”

PART IV

SECTION 27. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.²

SECTION 28. This Act shall take effect upon its approval; provided that part II shall take effect on January 1, 2014, and part III shall be repealed on January 1, 2014; provided further that section 10 shall take effect on January 1, 2014.

(Approved June 24, 2013.)

Notes

1. Comma should be underscored.
2. Edited pursuant to HRS §23G-16.5.