
HOUSE RESOLUTION

CREATING THE TASK FORCE ON ESTABLISHING THE BANK OF THE STATE OF HAWAII.

1 WHEREAS, the Bank of North Dakota is the only state-owned
2 and operated financial institution in the United States; and
3

4 WHEREAS, under state law, the bank is set up as the State
5 of North Dakota doing business as the Bank of North Dakota; and
6

7 WHEREAS, all state funds, as well as funds administered by
8 state and county agencies, are deposited with the Bank of North
9 Dakota, thus creating a large deposit base; and
10

11 WHEREAS, in addition to paying a competitive interest rate
12 to the state treasurer, the Bank of North Dakota also invests
13 its moneys in loan programs to spur economic development within
14 the state; and
15

16 WHEREAS, the Bank of North Dakota regularly turns over a
17 portion of its profits to the state general fund; and
18

19 WHEREAS, over the past decade, the Bank of North Dakota has
20 turned over approximately one-third of \$1,000,000,000 to the
21 state general fund; and
22

23 WHEREAS, despite the recent financial crisis, the Bank of
24 North Dakota earned record profits in 2008, with net earnings of
25 approximately \$57,000,000; and
26

27 WHEREAS, rather than competing with private banks, the Bank
28 of North Dakota has created partnerships with over one hundred
29 other North Dakota financial institutions to assist them in
30 meeting the needs of the citizens of North Dakota; and
31

32 WHEREAS, the Bank of North Dakota has promoted agriculture,
33 education, community development, economic development, housing,



1 and industry in the state by helping to stabilize and grow the
2 state's economy; and
3

4 WHEREAS, the Bank of North Dakota uses the resources of the
5 people of the State within the state and leverages the State's
6 financial capital and resources to support the common good and
7 public benefit of the State; and
8

9 WHEREAS, a state-owned bank may work in partnership with
10 financial institutions, community-based organizations, economic
11 development groups, guaranty agencies, and other stakeholder
12 groups to better the State's economy; now, therefore,
13

14 BE IT RESOLVED by the House of Representatives of the
15 Twenty-sixth Legislature of the State of Hawaii, Regular Session
16 of 2011, that the following are requested to convene as members
17 of the task force on establishing the bank of the state of
18 Hawaii:
19

- 20 (1) One member appointed by the Governor who shall have
21 experience in banking and financial management;
22
- 23 (2) Two members of the House of Representatives, appointed
24 by the Speaker of the House of Representatives;
25 provided that one member shall be a member of the
26 majority party and that one member shall be a member
27 of the minority party;
28
- 29 (3) The Director of the Department of Budget and Finance
30 or the Director's designee;
31
- 32 (4) The Director of the Department of Labor or the
33 Director's designee;
34
- 35 (5) The Attorney General or the Attorney General's
36 designee;
37
- 38 (6) The Commissioner of the Department of Commerce and
39 Consumer Affairs, Division of Financial Institutions;
40



1 (7) A member from the Hawaii State Association of
2 Counties;

3
4 (8) A member from an organization representing banking and
5 financial institutions; and

6
7 (9) A member from a trade association representing credit
8 unions;

9
10 provided that the members in paragraphs (8) and (9) shall be
11 appointed by the Speaker of the House of Representatives; and

12
13 BE IT FURTHER RESOLVED that the Commissioner of the
14 Department of Commerce and Consumer Affairs, Division of
15 Financial Institutions is requested to serve as the chairperson
16 of the task force; and that the members of the task force shall
17 not be compensated; and

18
19 BE IT FURTHER RESOLVED that the Legislative Reference
20 Bureau is requested to provide the research and organizational
21 support services necessary to assist the task force in achieving
22 its purposes; and

23
24 BE IT FURTHER RESOLVED that the task force is requested to
25 review, evaluate, and create an implementation plan for the
26 creation of the Bank of the State of Hawaii; among other things
27 the task force shall review and evaluate the following:

- 28
29 (1) The Bank of North Dakota, its enabling statutes,
30 its governing structure, and its programs;
- 31
32 (2) The feasibility of Hawaii creating a state-owned
33 bank similar to that of the Bank of North Dakota;
- 34
35 (3) The effectiveness and usefulness of existing
36 state banks, specifically the economic impact of
37 having a state bank;
- 38
39 (4) The laws, statutes, rules, and regulations
40 applicable to establishing a state-owned bank;
- 41



- 1 (5) The capital requirements of a state-owned bank;
- 2
- 3 (6) Initial capitalization options for a state-owned
- 4 bank;
- 5
- 6 (7) Cash management and banking needs of the State;
- 7
- 8 (8) An estimation of the short-term operating costs
- 9 and projected revenues of a Bank of the State of
- 10 Hawaii;
- 11
- 12 (9) The long-term broad economic impact and long-term
- 13 job creation and state revenue impacts of having
- 14 a Bank of the State of Hawaii;
- 15
- 16 (10) Any impact to existing banks and financial
- 17 institutions in the State;
- 18
- 19 (11) Sound underwriting practices needed for a state-
- 20 owned bank;
- 21
- 22 (12) Standards to ensure that loans result in the
- 23 outcomes described in the approved loan
- 24 applications;
- 25
- 26 (13) Ethics and conflict of interest requirements for
- 27 the board, offices, and employees of a state-
- 28 owned bank;
- 29
- 30 (14) Transparency requirements for the operations of a
- 31 state-owned bank; and
- 32
- 33 (15) Necessary legislation to establish a state-owned
- 34 bank; and
- 35

36 BE IT FURTHER RESOLVED that the task force is requested to
37 submit an interim report to the Legislature no later than twenty
38 days prior to the convening of the Regular Session of 2012 and
39 that the interim report shall include a review of the Bank of
40 North Dakota model, the feasibility of creating the Bank of the

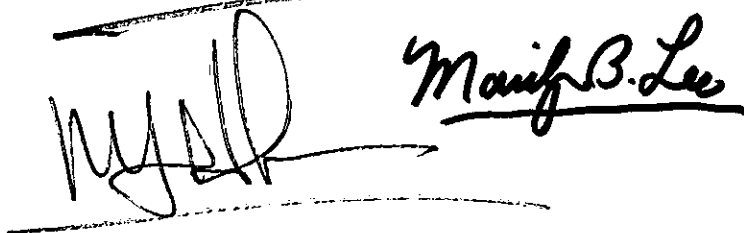
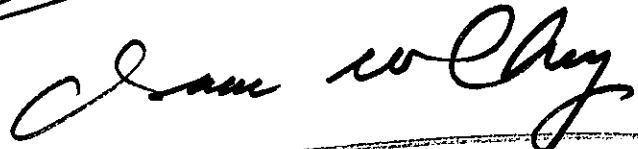
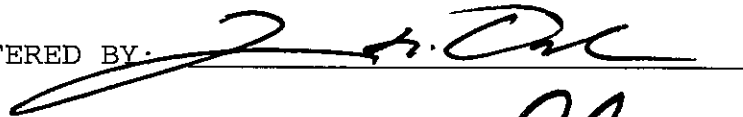
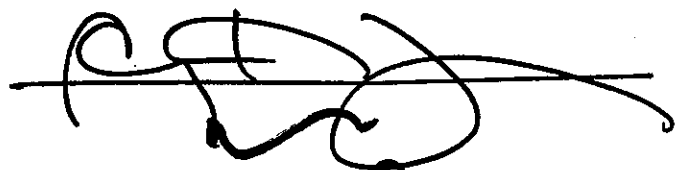
1 State of Hawaii, and the short and long-term economic impact of
2 a state-owned bank, along with other initial findings; and
3

4 BE IT FURTHER RESOLVED that the task force is requested to
5 submit its final report to the Legislature no later than twenty
6 days prior to the convening of the Regular Session of 2013 and
7 that the final report shall to include the estimated cost to
8 start a Bank of the State of Hawaii, the task force's findings
9 and recommendations and necessary legislation for the creation
10 of the Bank of the State of Hawaii; and
11

12 BE IT FURTHER RESOLVED that certified copies of this
13 Resolution be transmitted to the Governor, the Director of the
14 Department of Budget and Finance, the Director of the Department
15 of Labor, the Attorney General, the Commissioner of the
16 Department of Commerce and Consumer Affairs, Division of
17 Financial Institutions, the Hawaii State Association of
18 Counties, and the Legislative Reference Bureau.
19
20
21



OFFERED BY:

 Maui B. Lee

MAR 15 2011

