
A BILL FOR AN ACT

RELATING TO STATE-OWNED BANK.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Bank of North
2 Dakota is the only state-owned and state-operated financial
3 institution in the United States. Under North Dakota law, the
4 bank is set up as the State of North Dakota doing business as
5 the Bank of North Dakota. All state funds, as well as funds
6 administered by state and county agencies, are deposited with
7 the Bank of North Dakota, thus creating a large deposit base.

8 In addition to paying competitive interest rates to the
9 state treasurer, the Bank of North Dakota also invests its
10 moneys in loan programs to spur economic development within the
11 State. The Bank of North Dakota also regularly turns over a
12 portion of its profits to the state general fund. Over the past
13 decade, the bank has turned over approximately one-third of
14 \$1,000,000,000 to the state general fund, and despite the recent
15 financial crisis, the bank earned record profits in 2008, with
16 net earnings of approximately \$57,000,000.



1 Rather than competing with private banks, the Bank of North
2 Dakota has created partnerships with over one hundred other
3 North Dakota financial institutions to assist them in meeting
4 the needs of the citizens of North Dakota.

5 The legislature further finds that a state-owned bank would
6 promote agriculture, education, community development, economic
7 development, housing, and industry in the State by building a
8 resource to help stabilize and expand the State's economy; use
9 the resources of the people of the State within the State;
10 support the common good and public benefit of the State; and
11 leverage the State's financial capital and resources. A state-
12 owned bank may work in partnership with financial institutions,
13 community-based organizations, economic development groups,
14 guaranty agencies, and other stakeholder groups to better the
15 State's economy.

16 The purpose of this Act is to establish a task force within
17 the department of commerce and consumer affairs to study the
18 feasibility of establishing a state-owned bank in Hawaii.

19 SECTION 2. (a) There is established a task force within
20 the department of commerce and consumer affairs for
21 administrative purposes to study the feasibility of establishing



1 a state-owned bank. The task force shall consist of the
2 following members:

- 3 (1) One member appointed by the governor who shall have
4 experience in banking and financial management;
- 5 (2) One member of the senate, appointed by the president
6 of the senate;
- 7 (3) One member of the house of representatives, appointed
8 by the speaker of the house of representatives;
- 9 (4) The director of finance or the director's designee;
- 10 (5) The director of labor and industrial relations or the
11 director's designee;
- 12 (6) The attorney general or the attorney general's
13 designee;
- 14 (7) The commissioner of financial institutions of the
15 department of commerce and consumer affairs, division
16 of financial institutions, or the commissioner's
17 designee;
- 18 (8) The executive director of the office of consumer
19 protection or the executive director's designee;
- 20 (9) The chair of the board of agriculture or the chair's
21 designee;
- 22 (10) A representative from AARP;



1 (11) A representative from the Legal Aid Society of Hawaii;

2 (12) A representative from Faith Action for Community
3 Equity;

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

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

8 provided that the members in paragraphs (13) and (14) shall be
9 appointed jointly by the president of the senate and the speaker
10 of the house of representatives.

11 (b) The commissioner of financial institutions of the
12 department of commerce and consumer affairs, division of
13 financial institutions, shall serve as the chairperson of the
14 task force.

15 (c) The members of the task force shall not receive
16 compensation for their services.

17 (d) No member shall be made subject to chapter 84, Hawaii
18 Revised Statutes, solely because of that member's participation
19 as a member of the task force.

20 (e) The task force shall review and evaluate the
21 feasibility of creating a state-owned bank. Among other things,
22 the task force shall review and evaluate the following:



- 1 (1) The bank of North Dakota, its enabling statutes, its
2 governing structure, and its programs;
- 3 (2) The findings from Massachusetts studies in creating a
4 state-owned bank, including the *Report of the*
5 *Commission to Study the Feasibility of Establishing a*
6 *Bank Owned by the Commonwealth*;
- 7 (3) Models used in other states and banking institutions;
- 8 (4) The effectiveness and usefulness of an existing state
9 bank, specifically the economic impact of having a
10 state-owned bank;
- 11 (5) Any effects a state-owned bank will have on existing
12 banks and financial institutions in the State;
- 13 (6) The long-term broad economic impact and long-term job
14 creation and state revenue effects of having a state-
15 owned bank;
- 16 (7) The capital requirements of a state-owned bank;
- 17 (8) Initial capitalization options for a state-owned bank;
- 18 (9) The cash management and banking needs of the State;
- 19 (10) An estimation of the short-term operating costs and
20 projected revenues of a state-owned bank; and
- 21 (11) The laws, statutes, rules, and regulations applicable
22 to establishing a state-owned bank.



1 (f) The task force shall submit a report of its findings
2 and recommendations, including proposed legislation, if any, to
3 the legislature no later than twenty days prior to the convening
4 of the regular session of 2013.

5 (g) The task force shall cease to exist on June 30, 2013.

6 SECTION 3. The legislative reference bureau shall assist
7 the task force in preparing its findings, recommendations, and
8 proposed legislation.

9 SECTION 4. This Act shall take effect on July 1, 2112.



Report Title:

Financial Institutions; State-owned Bank; Task Force

Description:

Establishes a task force to review, investigate, and study the feasibility and cost of establishing a state-owned bank.

Requires a report to the Legislature. Effective July 1, 2112.

(HB1840 HD3)

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