

MAR 09 2012

SENATE RESOLUTION

REQUESTING THE REVIEW AND IDENTIFICATION OF STATE FUNDS OR HOLDINGS THAT MAY BE APPROPRIATE FOR OPENING ACCOUNTS IN SMALL LOCAL FINANCIAL INSTITUTIONS AND DEVELOPMENT OF A PROCUREMENT PROCESS TO SELECT INSTITUTIONS TO RECEIVE STATE FUNDS FOR INVESTMENT FOR A LIMITED TIME.

1 WHEREAS, the special funds of the State of Hawaii are often
2 used to fund specific activities carried out by state agencies,
3 foundations, and other entities; and
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5 WHEREAS, special funds are often meant to be self-
6 sustaining, keeping a relatively stable balance to ensure the
7 continuity of services or availability of cash for the service;
8 and
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10 WHEREAS, the recent economic crisis has led to certain
11 regulatory actions by the federal government and as a result has
12 decreased many large financial institutions' propensity to lend
13 money; and
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15 WHEREAS, credit unions and other small, locally based
16 financial institutions with a dedicated membership offer
17 affordable interest rates and access to credit for their
18 members; and
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20 WHEREAS, the recipients of dividends of such locally based
21 financial institutions are residents of the State and will
22 ultimately accumulate wealth for our economy; and
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24 WHEREAS, the recipients of loans from these institutions
25 are typically local residents seeking personal loans, auto
26 loans, and mortgages, leading to the purchase of cars, homes,
27 and personal items in the local economy and generating tax
28 revenue; and
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30 WHEREAS, the addition of state funds as a capital base to
31 any financial institution would increase the financial
32 institution's ability to lend to consumers in small communities;
33 and



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2 WHEREAS, this local stimulus should be given to responsible
3 agencies with roots in our local communities; now, therefore,
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5 BE IT RESOLVED by the Senate of the Twenty-sixth
6 Legislature of the State of Hawaii, Regular Session of 2012,
7 that the Director of Finance in cooperation with the Comptroller
8 is asked to review the inventory of special funds, revolving
9 loan funds, revolving funds, bond holdings, and other state
10 investments and identify stable, solvent funds that may be
11 appropriate for opening accounts in small local financial
12 institutions, subject to section 36-21, Hawaii Revised Statutes,
13 and other relevant state laws; and
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15 BE IT FURTHER RESOLVED that if fund account expansion is
16 found to be feasible to ensure the equitable distribution of
17 funds and stability for the financial institutions, the Director
18 of Finance and Comptroller are requested to work with the
19 Administrator of the State Procurement Office to develop a
20 special procurement process to assure that funds will be
21 invested in the financial institution that hold the winning bid
22 for no less than ten years; and
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24 BE IT FURTHER RESOLVED that the specifications for any
25 procurement contain minimum safeguards to discourage misuse of
26 state funds, as well as reporting requirements on fund status as
27 necessary for the State's maintenance of the funds; and
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29 BE IT FURTHER RESOLVED that certified copies of this
30 Resolution be transmitted to the Governor, Director of Finance,
31 Comptroller, and Administrator of the State Procurement Office.
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OFFERED BY:

