
A BILL FOR AN ACT

RELATING TO FINANCIAL INSTITUTIONS.

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

1 SECTION 1. Section 412:2-105.2, Hawaii Revised Statutes,
2 is amended by amending subsections (b) to (f) to read as
3 follows:

4 "(b) The assessments shall be paid semiannually on
5 ~~[February 15]~~ March 1 and ~~[August 15]~~ September 1 of each year
6 based on the institution's total assets reported as of the
7 previous December 31 and June 30, respectively~~[, provided that~~
8 ~~the payments of the assessment shall commence on February 15,~~
9 ~~2014]~~.

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

13 (1) A nonrefundable fee of \$10,000 for an application for
14 preliminary approval by the commissioner for the
15 organization of a Hawaii financial institution
16 pursuant to section 412:3-201, 412:3-202, 412:3-206,
17 or 412:3-301~~[, or 412:5-205]~~;



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- 1 (2) A nonrefundable fee of \$9,000 for an application for
2 preliminary approval by the commissioner for the
3 organization of a Hawaii financial institution
4 pursuant to section 412:5-402;
- 5 (3) A nonrefundable fee of \$2,500 for a final application
6 for a charter or license to engage in the business of
7 a Hawaii financial institution pursuant to section
8 412:3-212;
- 9 ~~[(4) A nonrefundable fee of \$2,500 for a final application~~
10 ~~for a charter or license to engage in the business of~~
11 ~~a savings bank pursuant to section 412:6-101;~~
- 12 ~~(5) A nonrefundable fee of \$2,500 for a final application~~
13 ~~for a charter or license to engage in the business of~~
14 ~~a trust company pursuant to section 412:8-102;~~
- 15 ~~(6)]~~ (4) A nonrefundable fee of \$10,000 for an application
16 for a merger or consolidation or acquisition of
17 control involving a Hawaii financial institution;
- 18 ~~[(7) A nonrefundable fee of \$10,000 for an application for~~
19 ~~the acquisition of control of a Hawaii financial~~
20 ~~institution;~~



- 1 ~~(8)~~ (5) A nonrefundable fee of \$2,500 for an application
2 for the conversion of a federal financial institution
3 to a Hawaii financial institution or the conversion of
4 a Hawaii financial institution to another Hawaii
5 financial institution charter;
- 6 ~~(9)~~ (6) A nonrefundable fee of \$5,000 for an application
7 of a bank to conduct a trust business through a
8 subsidiary, division, or department of the bank
9 pursuant to [section] 412:5-205;
- 10 ~~(10)~~ (7) A nonrefundable fee of \$5,000 for an application
11 of a bank to conduct insurance activities pursuant to
12 section 412:5-205.5;
- 13 ~~(11)~~ (8) A nonrefundable fee of \$5,000 for an application
14 of a bank to engage in securities activities pursuant
15 to section 412:5-205.7;
- 16 ~~(12)~~ (9) A nonrefundable fee of \$2,000 for an application
17 for a bank or savings bank, or depository financial
18 services loan company to comply with lending limits
19 applicable to federal financial institutions pursuant
20 to section 412:5-302 [~~or section~~], 412:6-303 [~~+~~], or
21 412:9-404;



1 ~~[(13)]~~ (10) A nonrefundable fee of \$2,000 for an application
2 to exceed certain permitted investment limits pursuant
3 to sections 412:5-305(f) and (h), 412:6-306(f) and
4 (h), 412:7-306(f) and (h), 412:8-301(f), 412:9-409(f)
5 and (i), and 412:10-502(g); and

6 ~~[(14)]~~ (11) A nonrefundable fee of \$2,500 for an application
7 ~~[for a charter]~~ to engage in the business of a credit
8 union.

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

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

18 (1) A nonrefundable fee of \$9,000 to establish an initial
19 branch pursuant to section 412:5-401;

20 ~~[(1)]~~ (2) A nonrefundable fee of \$750 ~~[for an application~~
21 ~~for a]~~ to establish an additional branch~~[, subsidiary,~~



1 ~~or subsidiary of a holding company]~~ or agency of an
2 intra-Pacific bank [~~pursuant to section 412:5-402~~];
3 and

4 ~~[(2)]~~ (3) A nonrefundable fee of \$500 for an application to
5 relocate a branch [~~, subsidiary, or subsidiary of a~~
6 ~~holding company]~~ or agency of an intra-Pacific bank
7 established or acquired pursuant to section 412:5-401.

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

11 SECTION 2. Section 412:2-109, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§412:2-109 Compliance resolution fund; financial**
14 **institution examiners.** (a) Any law to the contrary
15 notwithstanding, fees and fines collected by the commissioner of
16 financial institutions shall be deposited into the compliance
17 resolution fund established pursuant to section 26-9(o).

18 (b) The commissioner may appoint financial institution
19 examiners, in accordance with chapter 76, who shall examine the
20 affairs, transactions, accounts, records, documents, and assets
21 of financial institutions. The commissioner also may appoint



1 administrative support personnel, in accordance with chapter 76,
2 who shall assist and support the examiners. The commissioner
3 may pay the salaries of the financial institution examiners and
4 administrative support personnel from the compliance resolution
5 fund.

6 (c) The compliance resolution fund also may be used to
7 reimburse financial institution examiners and administrative
8 support personnel for the following expenses necessarily
9 incurred on account of an examination and the education and
10 training of financial institution examiners and administrative
11 support personnel:

12 (1) Actual travel expenses in amounts customary for these
13 expenses and approved by the commissioner;

14 (2) A reasonable living expense allowance at a rate
15 customary for these expenses and approved by the
16 commissioner; and

17 (3) Any fee or tuition necessary to attend educational and
18 training conferences, workshops, seminars, and any
19 similar events of this nature.

20 (d) The compliance resolution fund also may be used for
21 other expenses relating to examinations of financial



1 institutions and administrative costs, including personnel costs
2 of the division and costs incurred by supporting offices and
3 divisions.

4 (e) All persons receiving any reimbursement or
5 compensation from the compliance resolution fund shall submit to
6 the commissioner for approval a detailed account of all expenses
7 and compensation necessarily incurred. Persons shall not
8 receive or accept any additional compensation on account of an
9 examination. In the case of an examination, any reimbursement
10 or compensation made by the fund and approved by the
11 commissioner shall be charged to the financial institution being
12 examined by the commissioner and all receipts shall be credited
13 to the fund.

14 (f) Moneys in the compliance resolution fund shall not
15 revert to the general fund.

16 ~~[(g) The commissioner may annually charge each financial~~
17 ~~institution subject to examination by the commissioner the sum~~
18 ~~of \$500 plus \$100 for each office, agency, and branch office~~
19 ~~maintained by the financial institution, payment of which shall~~
20 ~~be made before July 2 and thereafter credited to the compliance~~
21 ~~resolution fund. The commissioner may establish, increase,~~



1 ~~decrease, or repeal this fee when necessary pursuant to rules~~
2 ~~adopted in accordance with chapter 91.] "~~

3 SECTION 3. Section 412:3-201, Hawaii Revised Statutes, is
4 amended by amending subsection (c) to read as follows:

5 "(c) The application shall be submitted in a form
6 prescribed by the commissioner. The commissioner may accept
7 application forms that are utilized by any federal regulatory
8 agency in processing similar applications. The application
9 shall be accompanied by an application fee [~~of \$9,000, or such~~
10 ~~greater amount as the commissioner shall establish by rule~~
11 ~~pursuant to chapter 91.] assessed pursuant to section 412:2-
12 105.2. The application fee shall not be refundable."~~

13 SECTION 4. Section 412:3-212, Hawaii Revised Statutes, is
14 amended by amending subsection (c) to read as follows:

15 "(c) If the commissioner is satisfied that the financial
16 institution and, if applicable, its holding company have
17 fulfilled all the requirements of law and the grounds for
18 preliminary approval, and that the financial institution is
19 qualified to engage in the business of a financial institution,
20 the commissioner shall issue a written decision and order
21 approving the application. The order may restrict the payment



1 of dividends for a period of up to three years, and may contain
2 any other conditions and restrictions on the financial
3 institution that are in the public interest, including but not
4 limited to the divestment of any contractual arrangement with an
5 affiliate or subsidiary involving any type of business not
6 permitted under this chapter. Upon the satisfactory fulfillment
7 by the financial institution and, if applicable, its holding
8 company of the conditions in the written decision and order
9 approving the application [~~and upon the payment by a depository~~
10 ~~financial services loan company of the initial license fee~~
11 ~~assessed pursuant to section 412:2-105.2~~], the commissioner
12 shall issue to the financial institution a charter or license to
13 engage in the business of a financial institution under this
14 chapter."

15 SECTION 5. Section 412:3-503, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The institution shall file an application with the
18 commissioner. The application shall be in a form prescribed by
19 the commissioner and shall be accompanied by a fee [~~the amount~~
20 ~~of which shall be established by rule.~~] if required by section



1 412:2-105.2. The application shall contain the following
2 information:

- 3 (1) The name of the financial institution;
- 4 (2) The specific location of the proposed site of the
5 principal office, branch, or agency;
- 6 (3) The anticipated opening date and, if open for a
7 specified period, the end of such period;
- 8 (4) The nature of the business or transactions intended to
9 be carried on at the location;
- 10 (5) Facts showing the necessity or justification for the
11 proposed site and that there is a reasonable assurance
12 of sufficient volume of business so that opening and
13 maintaining the proposed business location will not
14 jeopardize the solvency of the financial institution;
15 and
- 16 (6) Any other information that the commissioner may
17 require."

18 SECTION 6. Section 412:5-201, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) Any bank desiring to acquire any federal power, shall
21 file an application with the commissioner. The application



1 shall indicate the applicable federal statute, rule, regulation,
2 interpretation or court decision, the extent of the federal
3 power desired, the reasons for the application, and any other
4 information requested by the commissioner. The commissioner may
5 by rule prescribe the form of application [~~and application~~
6 ~~filing fees~~]."

7 SECTION 7. Section 412:5-401, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§412:5-401 **Required approval.** No intra-Pacific bank or
10 intra-Pacific bank holding company may engage in business in
11 this State, except in one of the following three forms:

- 12 (1) Branch. An intra-Pacific bank may establish or
13 acquire one or more branches in this State if it
14 obtains the prior approval of the commissioner under
15 this chapter to operate such branch or branches;
- 16 (2) Subsidiary of an intra-Pacific bank. An intra-Pacific
17 bank may establish or acquire, directly or indirectly,
18 the assets of or control over or merge with a bank
19 that is a Hawaii financial institution or its holding
20 company if the intra-Pacific bank obtains the prior
21 approval of the commissioner and:



1 (A) Complies with the requirements of this chapter as
2 to mergers and acquisitions; [~~and~~] or

3 (B) Obtains a charter under this chapter to engage in
4 business as a bank;

5 (3) Subsidiary of an intra-Pacific bank holding company.

6 An intra-Pacific bank holding company may establish or
7 acquire, directly or indirectly, the assets of or
8 control over or merge with a bank that is a
9 [+Hawaii+] financial institution or acquire control
10 over or merge with, its holding company if the intra-
11 Pacific bank holding company obtains the prior
12 approval of the commissioner and:

13 (A) Complies with the requirements of this chapter as
14 to mergers and acquisitions; [~~and~~] or

15 (B) Obtains a charter under this chapter to engage in
16 business as a bank."

17 SECTION 8. Section 412:5A-201, Hawaii Revised Statutes, is
18 amended by amending subsection (b) to read as follows:

19 "(b) The application shall be on a form prescribed by the
20 commissioner and shall contain any information that the
21 commissioner may require. [~~The application shall be accompanied~~]



1 ~~by an application fee established by the commissioner pursuant~~
2 ~~to chapter 91.] "~~

3 SECTION 9. Section 412:6-204, Hawaii Revised Statutes, is
4 amended by amending subsection (d) to read as follows:

5 "(d) The savings bank shall file an application with the
6 commissioner in a form approved by the commissioner. [~~The~~
7 ~~application shall be accompanied by a fee, the amount of which~~
8 ~~shall be prescribed by rule.] The application shall contain the
9 following information concerning the proposed operating
10 subsidiary:~~

- 11 (1) The name and date for commencement of operations;
12 (2) The specific location;
13 (3) The activities and nature of business;
14 (4) The ownership, amount, and nature of the investment;
15 and
16 (5) Any other information that the commissioner may
17 require."

18 SECTION 10. Section 412:7-201, Hawaii Revised Statutes, is
19 amended by amending subsection (b) to read as follows:

20 "(b) Any savings and loan association desiring to acquire
21 any federal power shall file an application with the



1 commissioner. The application shall indicate the applicable
2 federal statute, rule, regulation, interpretation or court
3 decision, the extent of the federal power desired, the reasons
4 for the application, and any other information requested by the
5 commissioner. The commissioner may by rule prescribe the form
6 of application [~~and application filing fees~~]."

7 SECTION 11. Section 412:7-204, Hawaii Revised Statutes, is
8 amended by amending subsection (d) to read as follows:

9 "(d) The savings and loan association shall file an
10 application with the commissioner in a form approved by the
11 commissioner. [~~The application shall be accompanied by a fee,
12 the amount of which shall be prescribed by rule.~~] The
13 application shall contain the following information concerning
14 the proposed operating subsidiary:

- 15 (1) The name and date for commencement of operations;
16 (2) The specific location;
17 (3) The activities and nature of business;
18 (4) The ownership, amount, and nature of the investment;
19 and
20 (5) Any other information that the commissioner may
21 require."



1 SECTION 12. Section 412:10-103, Hawaii Revised Statutes,
2 is amended by amending subsection (c) to read as follows:

3 "(c) The application shall be submitted on a form
4 prescribed by the commissioner. The application shall be
5 accompanied by a fee as [~~the commissioner shall establish by~~
6 ~~rule,~~] established by section 412:2-105.2, no part of which
7 shall be refundable."

8 SECTION 13. Section 412:10-201, Hawaii Revised Statutes,
9 is amended by amending subsection (b) to read as follows:

10 "(b) Any credit union desiring to acquire any federal
11 power, shall file an application with the commissioner. The
12 application shall indicate the applicable federal statute, rule,
13 regulation, interpretation or court decision, the extent of the
14 federal power desired, the reasons for the application, and any
15 other information requested by the commissioner. The
16 commissioner may by rule prescribe the form of application [~~and~~
17 ~~application filing fees~~]."

18 SECTION 14. Section 412:13-222, Hawaii Revised Statutes,
19 is amended by amending subsection (b) to read as follows:

20 "(b) The foreign bank shall file an application with the
21 commissioner. The application shall be in a form and contain



1 any information as the commissioner shall require [~~and shall be~~
2 ~~accompanied by a fee, the amount of which shall be established~~
3 ~~by rule~~]."

4 SECTION 15. Section 412:10-125, Hawaii Revised Statutes,
5 is repealed.

6 [~~§412:10-125 Credit union advisory board. (a) There~~
7 ~~shall be a credit union advisory board consisting of five~~
8 ~~members appointed pursuant to section 26-34 by the governor who~~
9 ~~shall also designate the chairperson of the board. There shall~~
10 ~~be at least one member from each of the counties who shall serve~~
11 ~~for four years. The terms of the members shall be staggered and~~
12 ~~shall expire as follows: one on December 31 after the year that~~
13 ~~this chapter becomes law and one at the end of each succeeding~~
14 ~~calendar year thereafter. The governor shall appoint persons of~~
15 ~~tested credit union experience and who are members of credit~~
16 ~~unions operating under this chapter. However, until such time~~
17 ~~that there are credit unions operating under this chapter, the~~
18 ~~governor may make appointments to the board of persons with~~
19 ~~tested credit union experience from any credit union operating~~
20 ~~in this State.~~



1 ~~(b) The powers and duties of the board shall include, but~~
2 ~~not be limited to:~~

3 ~~(1) Advising the commissioner and others in improving the~~
4 ~~operations and supervision of credit unions;~~

5 ~~(2) Making necessary recommendations as to procedural~~
6 ~~rules pursuant to chapter 91;~~

7 ~~(3) Proposing laws and rules to safeguard the interest of~~
8 ~~depositors and members;~~

9 ~~(4) Promoting the extension of credit at the lowest~~
10 ~~possible rates and cooperating with every group of~~
11 ~~people who may be or may become interested in the~~
12 ~~formation and development of a credit union under this~~
13 ~~article;~~

14 ~~(5) Keeping detailed minutes of each board meeting; and~~

15 ~~(6) Other duties designated by the commissioner or as~~
16 ~~provided by this article.~~

17 ~~(c) Board meetings shall be held at such times and places~~
18 ~~as shall be determined by the chairperson and the commissioner.~~

19 ~~Meetings may be called as needed, either by the chairperson, the~~
20 ~~commissioner, or a majority of the board members.~~



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1 ~~(d) Three members of the board shall constitute a quorum~~
2 ~~at any meeting and a majority vote of those present shall~~
3 ~~prevail. No member of the board shall be qualified to act in~~
4 ~~any matter involving a credit union of which the advisory board~~
5 ~~member is an officer, director, committee person, member,~~
6 ~~employee, or to which the board member is indebted. The members~~
7 ~~of the board shall serve without compensation but shall be~~
8 ~~reimbursed through the office of the commissioner for expenses~~
9 ~~incurred in the performance of their duties."]~~

10 SECTION 16. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 17. This Act shall take effect on July 1, 2016.

13

INTRODUCED BY: _____



JAN 25 2016



H.B. NO. 1167

Report Title:

Financial Institutions; Fees

Description:

Updates fee provisions relating to financial institutions.

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