Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 1125 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Intrastate Commerce, to which was referred H.B. No. 1125 entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS,"

begs leave to report as follows:

The purpose of this measure is to establish the operating budget for the fiscal biennium beginning July 1, 2019, and ending June 30, 2021, for financial services regulation within the Department of Commerce and Consumer Affairs.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs.

Your Committee recognizes that the Division of Financial Institutions provides supervision, regulation, and examination of all state-chartered and state-licensed financial institutions, including banks, foreign banking agencies and representative offices, savings banks, trust companies, financial services, loan companies, and credit unions. Your Committee also recognizes that the division does not receive any general funds. Instead, the division's revenue derives from assessments and fees paid by state-licensed financial institutions, escrow depositories, money transmitters, mortgage servicers, mortgage loan originators, and



mortgage loan originator companies, as well as a portion of the franchise tax.

Your Committee finds that:

- (1) The Division of Financial Institutions has an unencumbered balance of \$11,209,350; and
- (2) The mortgage loan recovery fund has an unencumbered cash balance of \$1,990,715.

Your Committee has amended this measure by adding provisions that:

- (1) Repeal the existing statutory requirement that \$2,000,000 of certain taxes collected on bank and financial corporations be deposited to the credit of the compliance resolution fund;
- (2) Require adjustments to fees and assessments collected by the Division of Financial Institutions based upon the amount of moneys credited to the division in the compliance resolution fund;
- (3) Require the Commissioner of Financial Institutions to adjust fees or cease collection of payments when the mortgage loan recovery fund attains a funding level of \$750,000; and
- (4) Make technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Intrastate Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1125, H.D. 1, and be referred to your Committee on Finance.

STAND. COM. REP. NO.

Respectfully submitted on behalf of the members of the Committee on Intrastate Commerce,

TAKASHI OHNO, Chair

State of Hawaii



Record of Votes of the Committee on Intrastate Commerce

Bill/Resolution No.:	Committee Referral:	1	Date: 2/14/	10
HB 1125	IAC, FIN		2/14/	19
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
IAC Members	Ayes	Ayes (WR	Nays	Excused
1. OHNO, Takashi (C)				
2. KOBAYASHI, Dale T. (VC)		730 6 16 1		SAME STATE
3. GATES, Cedric Asuega	V			
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4. KONG, Sam Satoru				
	/		23 Fg 16 37 Fg 17 7	
5. NISHIMOTO, Scott Y.				
6. TAKAYAMA, Gregg		Assessment of the later of the	Wash Come Developed Michigan Students	ton Artistan area of the artist
7. McDERMOTT, Bob				
7. WEDERWOTT, BUD				
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TOTAL (7)	7	0	0	0
The recommendation is: Adop				
If joint re	If joint referral, did not support recommendation.			
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				