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December 18, 2020

TRANSMITTED VIA LEGISLATIVE WEBSITE

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Enclosed is a copy of the 2020 Annual Report on Administratively Established Accounts and Funds of the Department of Commerce and Consumer Affairs for Fiscal Year 2020, as required by section 37-52.5, Hawaii Revised Statutes (HRS).

In accordance with section 93-16(a), HRS, a copy of this report will be transmitted to the Legislative Reference Bureau Library and viewable electronically at cca.hawaii.gov/reports/departmental/. Copies will also be transmitted to the State Publications Distribution Center and the University of Hawaii pursuant to section 93-3, HRS.

Sincerely,

CATHERINE P. AWAKUNI COLÓN
Director

Enclosure

- c: Legislative Reference Bureau Library (1 hard copy)
- State Publications Distribution Center (2 hard copies, 1 electronic copy)
- University of Hawaii (1 hard copy)



THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2020

**Annual Report on
Administratively Established Accounts and Funds
of the
Department of Commerce and Consumer Affairs
for Fiscal Year 2020**

ADMINISTRATIVE SERVICES OFFICE
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

Submitted December 2020

This report is filed pursuant to Hawaii Revised Statutes (HRS) section 37-52.5, which requires expending departments or agencies to submit to the Legislature an annual report that includes: (1) a list of all administratively established accounts or funds; and (2) all revenues, expenditures, encumbrances, and ending balances of each account or fund.

The following is a list of administratively established accounts and funds for the Department of Commerce and Consumer Affairs (DCCA or Department) for fiscal year (FY) 2020:

1. Name of Fund: Temporary Deposits-Commerce/Consumer Affairs

Fund type (MOF): T
Appropriation symbol: T-902-R

Intended purpose: This fund accounts for temporary deposits in the DCCA.

Current program activities: Moneys deposited in this fund will be later transferred to the appropriate fund.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	1,948,671	2,069,315
Beginning Encumbrances	0	69,380
Revenues	1,702,797	
Expenditures	1,512,773	
Transfers	0	
Ending Cash Balance	2,069,315	

2. Name of Fund: Premium Taxes Paid Pending Appeal

Fund type (MOF): T
Appropriation symbol: T-916-R

Intended purpose: This fund includes premium taxes paid in protest due to the denial of high technology tax credits.

Current program activities: No premium taxes being held.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	0	0
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	0	
Transfers	0	
Ending Cash Balance	0	

3. Name of Fund: Real Estate Appraisers Registry Fee

Fund type (MOF): T

Appropriation symbol: T-919-R

Intended purpose: Pursuant to HRS chapter 466K, this fund supports implementation of the requirements of 12 United States Code (U.S.C.) section 3301 *et. seq.* and the requirement that all real estate appraisals be performed by licensed or certified appraisers. Under HRS section 466K-1, the regulation of real estate appraisers is reasonably necessary to protect consumers. Further, 12 U.S.C. section 3301 *et. seq.* requires that only licensed or certified appraisers may perform real estate appraisals in connection with federally related transactions.

Current program activities: With respect to this fund and in addition to any other powers and duties authorized by law, the director of the DCCA shall have the following powers and duties:

1. To grant permission to practice as a certified real estate appraiser in this state pursuant to HRS chapter 466K and 12 U.S.C. section 3301 *et. seq.* and the rules and regulations adopted pursuant thereto;
2. To adopt, amend, or repeal rules as the director of the DCCA finds necessary to effectuate fully this chapter and 12 U.S.C. section 3301 *et. seq.*;
3. To enforce this chapter and 12 U.S.C. section 3301 *et. seq.* and rules and regulations adopted pursuant thereto;
4. To discipline a certified real estate appraiser for any cause prescribed by this chapter or 12 U.S.C. section 3301 *et. seq.* for any violation of the rules and regulations, and to refuse granting a person permission to practice as a certified real estate appraiser for any cause that would be grounds for disciplining a certified real estate appraiser;

5. To act as the designated representative of this state to implement 12 U.S.C. section 3301 *et. seq.*; and
6. To appoint an advisory committee to assist with implementing this chapter and 12 U.S.C. section 3301 *et. seq.* and the rules and regulations adopted pursuant thereto.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	3,530	27,530
Beginning Encumbrances	0	400
Revenues	36,720	
Expenditures	12,320	
Transfers	0	
Ending Cash Balance	27,530	

4. Name of Fund: Service Contract Providers' Financial Security Deposits

Fund type (MOF): T

Appropriation symbol: T-927-R

Intended purpose: This fund holds financial security deposits placed in trust with the Insurance Commissioner by service contract providers for all service contracts issued and in force in this state.

Current program activities: Issuance and renewal of service contract provider registration.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	50,000	50,000
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	0	
Transfers	0	
Ending Cash Balance	50,000	

5. Name of Fund: Insurance Division Restitution

Fund type (MOF): T

Appropriation symbol: T-928-R

Intended purpose: This fund holds deposits placed in trust with the Insurance Commissioner by defendants from an enforcement action brought by the Insurance Division. If the defendant does not comply with the terms of the settlement agreement, the Insurance Division may use these funds to provide restitution to the complainants involved.

Current program activities: No deposits being held.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	0	0
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	0	
Transfers	0	
Ending Cash Balance	0	

6. Name of Fund: Appraisal Management Company Registry Fee

Fund type (MOF): T

Appropriation symbol: T-930-R

Intended purpose: The Legislature finds that the regulation of appraisal management companies (AMCs) is reasonably necessary to protect consumers. The Legislature further finds that 12 U.S.C. section 1222.20 *et seq.* requires that real estate appraisals used in connection with federally related transactions be performed by individuals who are licensed or certified appraisers. The purposes of HRS chapter 466L are to implement the requirements of 12 U.S.C. section 1222.20 *et seq.* and to require registration of all federally regulated AMCs who engage licensed or certified appraisers in the State.

Current program activities: In addition to any other powers and duties authorized by law, the director shall have the following powers and duties:

1. To grant permission to register AMCs in this state pursuant to this chapter and 12 U.S.C. section 1222.20 *et seq.* and the rules and regulations adopted pursuant thereto;
2. To adopt, amend, or repeal rules as the director finds necessary to effectuate fully this chapter and 12 U.S.C. section 1222.20 *et seq.*;
3. To enforce this chapter and 12 U.S.C. section 1222.20 *et seq.* and rules and regulations adopted pursuant thereto;
4. To discipline an AMC for any cause prescribed by this chapter or 12 U.S.C. section 1222.20 *et seq.* for any violation of the rules and regulations and to refuse to grant an AMC permission to conduct business in this state for any cause that would be grounds for disciplining an AMC;
5. To act as the designated representative of this state to implement 12 U.S.C. section 1222.20 *et seq.*

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	29,750	32,000
Beginning Encumbrances	0	0
Revenues	2,250	
Expenditures	0	
Transfers	0	
Ending Cash Balance	32,000	

7. Name of Fund: Captive Insurance Companies' Letters of Credit Escrow

Fund type (MOF): T

Appropriation symbol: T-931-R

Intended purpose: This fund maintains cash drawn from letters of credit issued on behalf of captive insurance licensees and in favor of the Insurance Commissioner.

Current program activities: The Insurance Commissioner may draw upon this fund when the captive licensee has violated HRS chapter 431, article 19, including, but not limited to: failing to satisfy minimum capital and surplus requirements or applicable investment provisions; having an adverse financial condition; or operating in a manner that is detrimental or unsound with respect to its policyholders or the public. The cash drawn from letters of credit is used to cover liabilities and other obligations of the captive licensee, including policyholder claims, operating expenses, taxes, fees, fines, and other expenses.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	531	552
Beginning Encumbrances	0	0
Revenues	21	
Expenditures	0	
Transfers	0	
Ending Cash Balance	552	

8. Name of Fund: Multi-state Mortgage Servicer Agreement

Fund type (MOF): T

Appropriation symbol: T-932-R

Intended purpose: This fund supports general consumer protection enforcement efforts, including, but not limited to: mortgage rescue fraud; educating homeowners about mortgage rescue fraud scams; monitoring compliance with multi-state mortgage servicer settlement agreements; and supervising and regulating the mortgage loan industry.

Current program activities: This fund supports the DCCA in hiring additional legal, investigative, and support staff to support ongoing enforcement actions, investigations and outreach programs, and related operating expenses. The funds are used to hire staff

to conduct investigations, examine compliance with applicable laws and rules, and provide consumer education and outreach. The funds are also used for related expenses, including staff training.

Financial Data		
	FY 2020	FY 2021
Beginning Cash Balance	368,611	242,215
Beginning Encumbrances	0	0
Revenues	0	
Expenditures	126,395	
Transfers	0	
Ending Cash Balance	242,215	