

STAND. COM. REP. NO.

2142

Honolulu, Hawaii

APR 06 , 2023

RE: S.B. No. 764
S.D. 1
H.D. 3

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 764, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow a bank to invest, in aggregate, up to fifteen percent of the bank's capital and surplus in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the Commissioner of Financial Institutions (Commissioner);
- (2) Authorize a bank to apply to the Commissioner to invest an additional five percent of the bank's capital and surplus for an aggregate of up to twenty percent in the aforementioned investments;
- (3) Specify the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the Commissioner; and

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- (4) Allow eligible banks to make certain investments without prior notification to or approval of the Commissioner if they comply with after-the-fact notice procedures.

Your Committee received testimony in support of this measure from Hunt Development Group, LLC; Hunt Capital Partners, LLC; Catholic Charities Hawai'i; Housing Hawai'i's Future; EAH Housing; NAIOP Hawaii; HPM Building Supply; General Contractors Association of Hawaii; Ahe Group; Title Guaranty Hawaii; Hawai'i Gas; Building Industry Association of Hawaii; and two individuals. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Central Pacific Bank, Holomua Collaborative, Avalon Group, and Maui Chamber of Commerce.

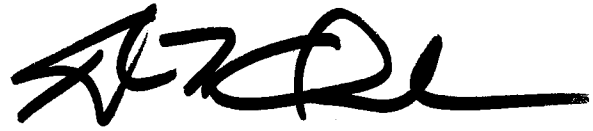
Your Committee has amended this measure by:

- (1) Clarifying that a bank may invest an aggregate amount of up to fifteen percent of the bank's capital and surplus without the prior approval of the Commissioner or any after-the-fact notice;
- (2) Specifying that an eligible bank may either:
 - (A) Apply to the Commissioner for approval to invest an aggregate amount that exceeds fifteen percent but no more than twenty percent of the bank's capital and surplus; or
 - (B) Make an investment that exceeds fifteen percent but no more than twenty percent of the bank's capital and surplus without prior notification or approval by the Commissioner if the bank submits an after-the-fact notice to the Commissioner;
- (3) Removing the circumstances under which a non-eligible bank may make an investment that exceeds fifteen percent of the bank's capital and surplus with an after-the-fact notice or submit an investment proposal to the Commissioner; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 764, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 764, S.D. 1, H.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



KYLE T. YAMASHITA, Chair



