
A BILL FOR AN ACT

RELATING TO DEPOSITS OF PUBLIC FUNDS.

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

1 SECTION 1. Section 38-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§38-2 Authorized; conditions.** (a) All moneys in the
4 state treasury may be deposited by the director to the credit of
5 the State in any depository which the director, with the
6 approval of the governor, may select, pursuant to this section,
7 and any sums so deposited shall be deemed to be in the state
8 treasury; provided that the depository in which the money is
9 deposited furnish security as hereinafter provided. In
10 selecting a depository the class of security offered shall be
11 considered as the basis of selection and due regard shall be
12 given to a depository doing business in the State.

13 (b) No more than forty per cent of the aggregate amount of
14 moneys of the State available for deposit and on deposit in the
15 state treasury may be deposited in depositories without the
16 State.



1 (c) No more than sixty per cent of the aggregate amount of
2 moneys of the State available for deposit and on deposit in the
3 state treasury may be deposited in any one depository; provided
4 that if the yield offered by any one depository in the State is
5 greater than the yield offered by other depositories in the
6 State, then, consistent with the safety and liquidity of [~~such~~]
7 the moneys, more than sixty per cent of the aggregate amount of
8 moneys available for deposit and on deposit in the stated
9 treasury may be deposited in [~~such~~] the depository within the
10 State offering a higher yield.

11 (d) The director shall consider the beneficial effects to
12 the State of using depositories within the State, as well as the
13 safety and liquidity of the sums to be deposited in the
14 depository and the yield offered by the depository prior to the
15 selection of the depository. The director may grant a
16 depository an exemption from the requirement to pay all deposits
17 of money, excluding time deposits, upon demand; provided that
18 the depository has issued loans with below-market interest rates
19 and longer terms for housing projects where all dwelling units
20 are exclusively made available to owner-occupants who own no
21 other real property and are residents of the State.



1 (e) In case of loan fund money for which there is no
2 immediate need, or expenditures from which would not be made for
3 at least three months, the director may place these funds on
4 time deposit on [such] terms and at [such] rates of interest as
5 may be allowed by a depository to other depositors.

6 (f) All deposits of money, except time deposits, shall be
7 paid upon demand on checks signed by the director and
8 countersigned by the comptroller, or by the payment of a
9 certificate of deposit issued by the depository, which
10 certificate shall be endorsed by the payee named therein, as
11 well as by the comptroller, or by preauthorized automatic
12 transfer of funds between transaction accounts held within the
13 same depository. Transaction accounts, as defined in Regulation
14 D of the Federal Reserve System, as authorized by Section 19 (12
15 U.S.C. 461 et seq.) of the Federal Reserve Act, includes all
16 checking accounts, both demand and interest bearing. Each
17 depository shall at the end of every month render to the
18 director a statement, in duplicate, for each of the funds of the
19 State, showing the daily balances on open commercial account
20 which were held by it during the month. The duly authorized
21 representatives of any depository shall at all times during



1 office hours have access to the securities deposited by the
2 depository to secure the deposits of the State for the purpose
3 of examining the same and removing the coupons that may have
4 matured, the examination to be made in the presence of the
5 director or the director's representative."

6 SECTION 2. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Banks; Loans; Housing; Director of Finance

Description:

Authorizes the Director of Finance to exempt a depository from the requirement to pay all deposits of public funds upon demand upon the condition that the depository has provided loans with below-market interest rates and longer terms for housing projects where all dwelling units are exclusively reserved for owner-occupants who own no other real property and are residents of the State. Effective 7/1/2050. (SD1)

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