

STAND. COM. REP. NO.

1298

Honolulu, Hawaii

MAR 17 , 2023

RE: S.B. No. 1206
S.D. 2
H.D. 1

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

Sir:

Your Committee on Housing, to which was referred S.B. No. 1206, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO DEPOSITS OF PUBLIC FUNDS,"

begs leave to report as follows:

The purpose of this measure is to authorize the Director of Finance to exempt a depository from the requirement to pay all deposits of public funds upon demand if the depository has provided loans with below-market interest rates and longer terms for housing projects where all dwelling units are exclusively reserved for certain owner-occupants.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs and Department of Budget and Finance.

Your Committee finds that existing law provides that depositories that hold public funds shall hold the funds at a one-to-one ratio to ensure the liquidity of public funds in times of a financial crisis or emergency. This measure intends to provide a limited exemption to this requirement in order to encourage the financing of affordable housing projects.

Your Committee has amended this measure by:

2023-2574 SB1206 HD1 HSCR HMSO



- (1) Removing the authorization of the Director of Finance to exempt a depository from the requirement to pay all deposits of public funds upon demand if the depository has provided loans with below-market interest rates and longer terms for housing projects where all dwelling units are exclusively reserved for certain owner-occupants;
- (2) Requiring the Director of Finance to consider, prior to the selection of a depository, the beneficial effects to the State of using depositories within the State, including but not limited to lending at favorable terms for the creation of certain affordable housing units;
- (3) Changing the effective date to June 30, 3000, to encourage further discussion; 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1206, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1206, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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


TROY N. HASHIMOTO, Chair



