

STAND. COM. REP. NO.

583

Honolulu, Hawaii

FEB 17 2023

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Housing, to which was referred S.B. No. 1206 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is 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 owner-occupants who own no other real property and are residents of the State.

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

Your Committees find that chapter 38, Hawaii Revised Statutes, authorizes the Director of Finance to deposit the State's money into depositories, which includes state and national banks, credit unions, and other financial institutions. Depositories that hold public funds must pay the State's funds back to the State upon request by the Director of Finance and Comptroller. However, given the lack of affordable housing in the State, creative solutions are needed to incentivize the development of affordable housing. This measure exempts depositories 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 owner-occupants who own no other real property and are residents of the State.

Your Committees acknowledge the testimony of the Department of Commerce and Consumer Affairs and Department of Budget and Finance, who raised concerns that the State should always have access to its deposited cash on hand.

Therefore, your Committees have amended this measure by:

- (1) Amending the exemption granted to depositories to be at the discretion of the Director of Finance; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1206, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1206, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Housing,


STANLEY CHANG, Chair


ARRETT KEOHOKALO, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 1206	Committee Referral: CPN/HOU, WAM	Date: 2/10/2023
---	--	---------------------------

The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)	✓			
KANUHA, Dru Mamo (VC)	✓			
AQUINO, Henry J.C.	✓			
RHOADS, Karl				✓
AWA, Brenton	✓			
TOTAL	4			1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature: 

Distribution:
 Original Yellow Pink Goldenrod
 File with Committee Report Clerk's Office Drafting Agency Committee File Copy

***Only one measure per Record of Votes**