

ACT 270

S.B. NO. 3278

A Bill for an Act Making an Appropriation to Review the Laws Relating to Financial Institutions.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Act 128, Session Laws of Hawaii 1990, was enacted to update, clarify, and strengthen the State's regulatory framework applicable to financial institutions. In order to accomplish this end, a project including a study of the issues surrounding deregulation and its consequences, a review of national and local laws, and the drafting of revised laws applicable to financial institutions was undertaken at the direction of the legislature.

The sum of \$150,000 was originally appropriated for the comprehensive review of laws in fiscal year 1990-1991. Act 245, Session Laws of Hawaii 1991, appropriated an additional \$200,000 for fiscal year 1991-1992.

Since the second appropriation, there have been significant changes in federal law which affect Hawaii's financial institutions and may affect the laws of our State. These changes necessitate further research and analysis as part of the project.

Additionally, since the commencement of the project, there has been a steady flow of comments and suggestions regarding the proposed revisions of the laws from banks, savings and loan associations, trust companies, financial services loan companies, and credit unions requiring further review, analysis, and assimilation.

The legislature finds that the study and recodification of Hawaii's laws applicable to financial institutions will require more time to complete. Accordingly, the purpose of this Act is to generate funds to complete this project by providing statutory authority to collect funds from those institutions that will benefit and be impacted by this project. The authority to assess financial institutions and to

collect an assessment fee will be exercised by the commissioner of financial institutions in accordance with the formula established in this Act. The formula seeks to apportion the costs involved in this project based upon the asset size of particular institutions within particular industries.

SECTION 2. In order to complete the changes proposed to the code of financial institutions, mandated by Act 128, Session Laws of Hawaii 1990 and Act 245, Session Laws of Hawaii 1991, the commissioner of financial institutions is hereby authorized to assess and collect funds from the following financial institutions in the sums set forth below:

- (1) State-chartered banks. Based upon asset size as of June 30, 1991, banks with less than \$5,000,000,000 in assets shall pay an assessment of not more than \$7,500; banks with assets equal to or more than \$5,000,000,000 and less than \$10,000,000,000 shall pay an assessment of not more than \$15,000; and banks with assets equal to or more than \$10,000,000,000 shall pay an assessment fee of not more than \$22,500;
- (2) State-chartered savings and loan associations. Based upon asset size as of June 30, 1991, savings and loan associations with less than \$500,000,000 in assets shall pay an assessment of not more than \$2,000; and savings and loan associations with assets equal to or more than \$500,000,000 shall pay an assessment of not more than \$4,000;
- (3) Financial services loan companies. Based upon asset size as of June 30, 1991, financial services loan companies with less than \$5,000,000 in assets shall pay an assessment of not more than \$500; companies with assets equal to or more than \$5,000,000 and less than \$10,000,000 shall pay an assessment of not more than \$750; companies with assets equal to or more than \$10,000,000 and less than \$20,000,000 shall pay an assessment of not more than \$1,000; companies with assets equal to or more than \$20,000,000 and less than \$40,000,000 shall pay an assessment of not more than \$1,250; and companies with assets equal to or more than \$40,000,000 shall pay an assessment of not more than \$1,500;
- (4) State-chartered credit unions. Based upon asset size as of June 30, 1991, credit unions with assets equal to or more than \$10,000,000 and less than \$20,000,000 shall pay an assessment of not more than \$1,000; credit unions with assets equal to or more than \$20,000,000 but less than \$40,000,000 shall pay an assessment of not more than \$1,250; and credit unions with assets equal to or more than \$40,000,000 shall pay an assessment of not more than \$1,500; and
- (5) Trust companies. Based upon asset size as of June 30, 1991, a state-chartered trust company with assets equal to or greater than \$200,000 shall pay an assessment fee of not more than \$1,200.

The assessment formulas set forth in this section may be exercised and assessment fees collected on or after July 1, 1992 upon written notification by the commissioner to each financial institution; provided that fees may not be collected and these provisions shall be void if not exercised by the commissioner before October 1, 1992. In determining whether an assessment is necessary, the commissioner shall consider the consensus achieved among the various financial industries, the resources and time committed by the financial industries and the degree of cooperation and support for passage of the code of financial institutions.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,¹ or so much thereof as may be necessary for fiscal year 1992-1993, for the purpose of completing the code of financial institutions mandated by Act 128, Session Laws of Hawaii 1990 and Act 245, Session Laws of Hawaii 1991.

SECTION 4. The sums collected pursuant to and appropriated under this Act shall be expended by the department of commerce and consumer affairs for the purpose of completing the code of financial institutions mandated by Act 128, Session Laws of Hawaii 1990 and Act 245, Session Laws of Hawaii 1991. Funds collected and appropriated pursuant to this Act shall not revert to the general fund.

SECTION 5. This Act shall take effect upon its approval; provided that section 3 shall take effect on July 1, 1992.

(Approved June 18, 1992.)

Note

1. Item vetoed and initialed "JW".