STAND. COM. REP. NO. **2291** 

Honolulu, Hawaii

FEB 1 3 2024

RE: S.B. No. 3008

S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3008 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII CONSTITUTION TO EXPRESSLY PROVIDE THAT THE LEGISLATURE MAY AUTHORIZE THE COUNTIES TO ISSUE TAX INCREMENT BONDS AND TO EXCLUDE TAX INCREMENT BONDS FROM DETERMINATIONS OF THE FUNDED DEBT OF THE COUNTIES,"

begs leave to report as follows:

The purpose and intent of this measure is to propose amendments to the Constitution of the State of Hawaii to expressly provide that the Legislature may authorize political subdivisions, such as counties, to issue tax increment bonds, and to exclude tax increment bonds in calculating the debt limit of the political subdivisions.

Your Committee received testimony in support of this measure from the Office of Planning and Sustainable Development; Hawai'i Interagency Council for Transit-Oriented Development; Stadium Authority; Office of Housing of the City and County of Honolulu; one member of the Honolulu City Council; NAIOP Hawaii; Stanford Carr Development, LLC; and Move Oahu Forward.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that tax increment financing has been widely used in other states to capture the increased property values in dense, mixed-use transit-oriented development. However, while tax increment bonds are authorized under chapter 46, Hawaii Revised Statutes, counties have been reluctant to use tax increment bonds as a financing tool because of uncertainty in the allowance of its use under the Hawaii State Constitution. This measure will clarify the allowance of tax increment bonds as a financing tool by political subdivisions, such as counties.

Your Committee has amended this measure by amending the definition of the term "tax increment bonds" to clarify that the bonds are payable from and secured solely by the amount of real property taxes levied and collected by a political subdivision on the difference between the assessed value of the taxable real property located within a tax increment district in a given year and the assessed value of the taxable real property in the tax increment district during the year the tax increment district was created.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3008, S.D. 1, and be referred to your Committee on Ways and Means.

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

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KARL RHOADS, Chair

## The Senate Thirty-Second Legislature State of Hawai'i

## Record of Votes Committee on Judiciary JDC

Bill / Resolution No.:*	Committee Referral:			Date:	
5B 3008	UDC, WAM			2/02/2	24
The Committee is reconsidering its previous decision on this measure.  If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
RHOADS, Karl (C)					
GABBARD, Mike (VC)		V/			
ELEFANTE, Brandon J.C.		V			
SAN BUENAVENTURA, Joy A	٨	V/			
AWA, Brenton		V			
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TOTAL		ک			
Recommendation:					
Adopted Not Adopted					
Chair's or Designate's Signature:					
Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

\*Only one measure per Record of Votes