

STAND. COM. REP. NO.

628

Honolulu, Hawaii

FEB 13, 2025

RE: H.B. No. 1457
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1457 entitled:

"A BILL FOR AN ACT RELATING TO TAX INCREMENT FINANCING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the Hawaiian Homes Commission to designate tax increment districts that may utilize tax increment financing; and
- (2) Require a county council to adopt a tax increment financing plan and ordinance establishing the tax increment district.

Your Committee received comments on this measure from the Department of the Attorney General; Department of Hawaiian Home Lands; and Tax Foundation of Hawaii.

Your Committee finds that the counties have the exclusive authority to exercise all functions, powers, and duties relating to the taxation of real property under the Hawaii State Constitution. Your Committee further finds that the Department of the Attorney General testified that this measure may interfere with the counties' assessment and collection of tax increments,

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potentially infringing on their exclusive constitutional authority over real property taxation.

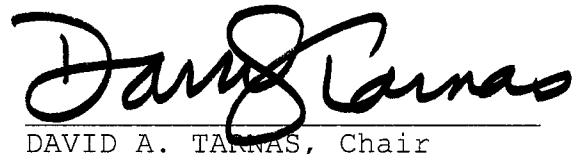
Accordingly, your Committee has amended this measure by:

- (1) Deleting language that would have authorized the Hawaiian Homes Commission to designate tax increment districts and required the county council to adopt a tax increment financing plan and ordinance establishing the tax increment district;
- (2) Authorizing the Department of Hawaiian Home Lands to apply to the counties for tax increment financing;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider the concerns raised by the Department of the Attorney General as it relates to real property taxation.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1457, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1457, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



State of Hawaii
House of Representatives
The Thirty-third Legislature

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Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB1457	Committee Referral: JHA, FIN	Date: 1/31/25		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C)	✓			
2. POEPOE, Mahina (VC)	✓			
3. BELATTI, Della Au	✓			
4. COCHRAN, Elle				✓
5. HASHEM, Mark J.	✓			
6. KAHALOA, Kirstin	✓			
7. PERRUSO, Amy A.	✓			
8. TAKAYAMA, Gregg	✓			
9. TODD, Chris				✓
10. GARCIA, Diamond			✓	
11. SHIMIZU, Garner M.	✓			
TOTAL (11)	8	0	1	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation.				
Vice Chair's or designee's signature: _____				
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