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,



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. TAKNAS, Chair

State of Hawaii House of Representatives The Thirty-third Legislature



Record of Votes of the Committee on Judiciary & Hawaiian Affairs

The committee is reconsidering its previous decision on the measure. The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) 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	The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)	Bill/Resolution No.:	Committee	Referral:	Date		-	
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