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# A BILL FOR AN ACT

RELATING TO WATER.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that Hawaii's surrounding  
2 ocean waters, streams, groundwater, watersheds, and other  
3 sources of fresh water are vulnerable to pollution and  
4 contamination from cesspools, which discharge raw, untreated  
5 sewage into the ground, and nonpoint source pollution that flows  
6 off the land directly into the ocean.

7       The legislature further finds that in other jurisdictions,  
8 tax increment financing is an established means to finance  
9 infrastructure projects. However, in Hawaii, questions  
10 regarding whether the counties are constitutionally authorized  
11 to implement tax increment financing to fund projects have  
12 arisen, and whether tax increment financing would generate  
13 sufficient revenue to fund significant capital projects.

14       The purpose of this Act is to establish a working group to  
15 determine:

- 16       (1) The viability of using revenues derived from tax  
17       increment financing to provide incentives to



1 developers to adequately fund water conservation,  
2 environmental protection, and safe drinking water  
3 projects; and

4 (2) Whether the Hawaii State Constitution permits the  
5 counties to use tax increment financing.

6 SECTION 2. (a) There is established within the office the  
7 attorney general for administrative purposes a working group to  
8 assess the use of tax increment financing by the counties to  
9 fund incentives for the development of water-related  
10 infrastructure projects and other projects to protect water  
11 resources in the State.

12 (b) The working group shall comprise of the following  
13 individuals or their designees:

14 (1) The attorney general;

15 (2) The director of finance;

16 (3) The chairperson of the board of land and natural  
17 resources;

18 (4) The director of health;

19 (5) The chair of the land use commission; and

20 (6) The mayors of each county of the State.



(c) No later than twenty days prior to the convening of the 2019 regular session, the working group shall submit a report to the legislature on:

(1) The viability of using tax increment financing as a means to incentivize developers to construct necessary water-related infrastructure projects and other projects, including projects that protect drinking water and watersheds, prevent water pollution, promote cesspool conversion, and otherwise prevent events that may adversely impact water quality;

(2) Whether article VII, section 12 of the Hawaii State Constitution empowers the legislature to authorize the counties to establish tax increment financing through statute;

(3) Findings and recommendations; and

(4) Proposed legislation to address any recommendations made by the working group.

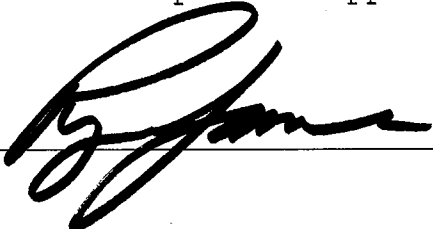
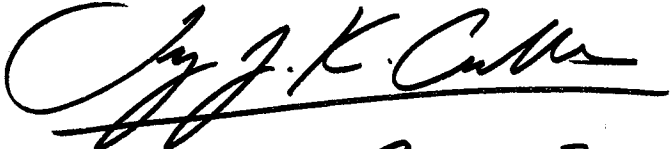

SECTION 5. The working group shall cease to exist on June 30, 2019.



1 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:

JAN 24 2018



# H.B. NO. 2592

**Report Title:**

Water; Tax Increment Financing; LUC; AG; Working Group; Counties

**Description:**

Establishes a working group within the Department of the Attorney General to assess the viability and constitutionality of using tax increment financing on the county level as a means of incentivizing water-related infrastructure projects.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

