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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 department  
7 of the attorney general for administrative purposes a working  
8 group to assess the use of tax increment financing by the  
9 counties to 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 executive director of the land use commission; and

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



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

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

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

15 (3) Findings and recommendations; and

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

18 SECTION 5. The working group shall cease to exist on June  
19 30, 2019.

20 SECTION 6. This Act shall take effect on July 1, 2050.



**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. (HB2592 HD1)

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

