
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. (a) The board of trustees of the employees'
2 retirement system shall conduct a study to determine the
3 viability of entering into public-private partnerships to
4 develop construction projects to implement clean energy
5 technology, as that term is defined in section 269-121(b),
6 Hawaii Revised Statutes, or a construction project to improve
7 the State's water supply, including projects defined as a water
8 facility under section 167-2 or section 174-2, Hawaii Revised
9 Statutes, a wastewater treatment plant under section 340B-1,
10 Hawaii Revised Statutes, or a public water system under section
11 340E-1, Hawaii Revised Statutes.

12 (b) The study shall examine the benefits of:

13 (1) Providing a tax exemption for contractors who enter
14 into a public-private partnership with the employees'
15 retirement system to develop construction projects as
16 described in subsection (a) for a percentage of an
17 amount, as certified by the employees' retirement



1 system, of the direct costs of construction and
2 operation incurred by a contractor under a public-
3 private partnership with the employees' retirement
4 system; provided that direct costs shall include the
5 costs of materials, labor, equipment, and directly
6 involved efforts or expenses for the completion and
7 operation of a construction project, excluding all
8 general overhead costs;

- 9 (2) Providing an exclusion from gross income, adjusted
10 gross income, and taxable income for a percentage of
11 an amount certified by the employees' retirement
12 system, for the direct costs of construction and
13 operation incurred by a person under a public-private
14 partnership with the employees' retirement system to
15 develop a construction project as defined in
16 subsection (a); provided that the income shall be
17 excluded from gross income, adjusted income, and
18 taxable income for each year of the anticipated useful
19 life of the construction project; and



1 (3) Allowing the employees' retirement system to make
2 investments in public-private partnerships to develop
3 construction projects as described in subsection (a).

4 SECTION 2. The board of trustees of the employees'
5 retirement system shall submit a report to the legislature
6 detailing the findings and recommendations of the study,
7 including any proposed legislation, no later than twenty days
8 prior to the convening of the regular session of 2018.

9 SECTION 3. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$ or so much
11 thereof as may be necessary for fiscal year 2017-2018 and the
12 same sum or so much thereof as may be necessary for fiscal year
13 2018-2019 for the board of trustees of the employee retirement
14 system to conduct a study into the viability of entering into
15 public-private partnerships to develop construction projects to
16 implement clean energy technology, as that term is defined in
17 section 269-121(b), Hawaii Revised Statutes, or a construction
18 project to improve the State's water supply, including projects
19 defined as a water facility under section 167-2 or section 174-
20 2, Hawaii Revised Statutes, a wastewater treatment plant under



1 section 340B-1, Hawaii Revised Statutes, or a public water
2 system under section 340E-1, Hawaii Revised Statutes.

3 The sums appropriated shall be expended by the board of
4 trustees of the employees' retirement system for the purposes of
5 this Act.

6 SECTION 4. This Act shall take effect on July 1, 2017.

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Report Title:

Taxation; Construction Projects; ERS; Study; Appropriation

Description:

Requires the Board of Directors of the Employees' Retirement System to conduct a study into the viability of exempting from income tax and general excise tax an amount up to an unspecified percentage of the costs of the construction and operation of projects entered into under a public-private partnership with the ERS to improve water infrastructure or water supply, or to promote clean energy and the viability of allowing ERS investments in such public-private partnerships. Appropriates funds. (SD1)

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