

STAND. COM. REP. NO.

401

Honolulu, Hawaii

FEB 14 , 2023

RE: H.B. No. 997
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 997 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII CONSTITUTION TO EXPRESSLY PROVIDE THAT THE LEGISLATURE MAY AUTHORIZE THE COUNTIES TO ISSUE TAX INCREMENT BONDS AND TO EXCLUDE TAX INCREMENT BONDS FROM DETERMINATIONS OF THE FUNDED DEBT OF THE COUNTIES,"

begs leave to report as follows:

The purpose of this measure is to propose amendments to article VII, sections 12 and 13, of the Constitution of the State of Hawaii to:

- (1) Expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue tax increment bonds; and
- (2) Exclude tax increment bonds from determinations of the funded debt of the political subdivisions.

Your Committee received testimony in support of this measure from the Office of Planning and Sustainable Development; Department of Business, Economic Development, and Tourism; and Department of Transportation. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

2023-1566 HB997 HD1 HSCR HMSO



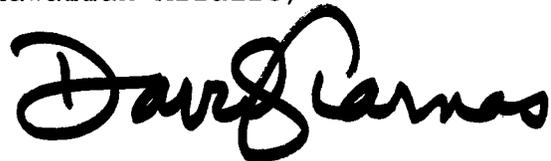
Your Committee finds that tax increment financing allows a portion of property taxes in excess of a base assessed value to be dedicated to finance the costs of a project through the issuance of bonds. Although statutory law permits the counties to provide for tax increment financing and issue tax increment bonds, tax increment bonds are not clearly listed in the types of bonds that the counties may issue under the Hawaii State Constitution. This measure would clearly authorize this method of financing for public works, public improvements, and other actions by the counties within the tax increment districts.

Your Committee has amended this measure by:

- (1) Clarifying the constitutional question to be printed on the ballot; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 997, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 997, 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-second Legislature

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Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 997	Committee Referral: JHA, FIN	Date: 2/9/2023		
<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. TAKAYAMA, Gregg (VC)	/			
3. GANADEN, Sonny	/			
4. HOLT, Daniel	/			
5. HASHIMOTO, Troy N.	/			
6. ICHIYAMA, Linda	/			
7. ILAGAN, Greggor	/			
8. KONG, Sam Satoru	/			
9. MIZUNO, John M.	/			
10. SOUZA, Kanani	/			
TOTAL (10)	10	—	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Greggor Ilagan</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				