STAND. COM. REP. NO. 209-24

Honolulu, Hawaii

, 2024

MAR 20

RE: S.B. No. 3008

S.D. 2 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 3008, S.D. 2, 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; Stadium Authority; Hawaii Housing Finance and Development Corporation; Office of Housing of the City and County of Honolulu; Move Oahu

Forward; NAIOP Hawaii; Hawaiian Electric; and Stanford Carr Development, LLC. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

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) Changing the effective date to July 1, 3000, to encourage further discussion; 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 S.B. No. 3008, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3008, S.D. 2, 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 HSCR 1209-74

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: SB 3008, SDZ	Committee Referral:	O Date	3-15-24	
The committee is reconsidering its previous decision on the measure.				
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)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C)				
2. TAKAYAMA, Gregg (VC)				
3. EVSLIN, Luke A.				The second secon
J. EVSEIN, Luke A.				
4. GANADEN, Sonny				
5. HOLT, Daniel				
6. ICHIYAMA, Linda	201 7500 1-550.	Thursday Control Control		
7 HACAN Crosson				
7. ILAGAN, Greggor	The principle of the country of the			
8. KONG, Sam Satoru	JANE SERVICE SAND	ALANS, FIRNÇA		
9. MIYAKE, Tyson K.		4, 1000000000000000000000000000000000000		
10. SOUZA, Kanani				
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TOTAL (10)	_ 7	•		3
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				