

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



HAKIM OUANSAFI  
EXECUTIVE DIRECTOR

BARBARA E. ARASHIRO  
EXECUTIVE ASSISTANT

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**HAWAII PUBLIC HOUSING AUTHORITY**  
1002 NORTH SCHOOL STREET  
POST OFFICE BOX 17907  
HONOLULU, HAWAII 96817

IN REPLY PLEASE REFER TO:

26:OED

Statement of the  
**Hawaii Public Housing Authority**

Before the  
**HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS**

Wednesday, February 18, 2026  
2:00 PM – Room 325, Hawaii State Capitol

In consideration of  
**HB 2476, HD1**  
**PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13,**  
**OF THE HAWAII STATE CONSTITUTION**

Honorable Chair Tarnas, Vice Chair Poepoe and Members of the House Committee on Judiciary & Hawaiian Affairs:

The Hawaii Public Housing Authority (HPHA) strongly supports this measure which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for new housing development.

Hawaii's housing crisis is, at its core, an infrastructure issue. We cannot resolve the severe shortage of homes without first making significant infrastructure investments—particularly within Transit-Oriented Development (TOD) areas.

By allowing the counties to fund immediate infrastructure projects by pledging a portion of future property tax increases within designated districts, this financing tool will provide a sustainable funding stream without introducing new taxes or increasing current property tax rates.

Furthermore, the bill protects the fiscal health of the counties by excluding these bonds from county debt limit calculations, ensuring that counties can aggressively invest in housing-related infrastructure without compromising their ability to fund other essential public services.

Thank you for the opportunity to provide this testimony and for your continued commitment to Hawaii's housing needs.



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

### HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

### DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation  
Before the

### HOUSE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS

February 18, 2026 at 2:00 p.m.

State Capitol, Room 325

In consideration of

### HOUSE BILL 2476 HOUSE DRAFT 1

### PROPOSING AMENDMENTS TO

### ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.

Chair Tarnas, Vice Chair Poepoe, and members of the Committee.

HHFDC **supports** House Bill 2476 House Draft 1, which proposes constitutional amendments to authorize counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

Hawaii faces a severe housing shortage that cannot be addressed without significant investment in infrastructure, including water, wastewater, drainage, roads, and sea-level rise mitigation, especially in transit-oriented development (TOD) areas and other priority growth zones. Current funding mechanisms are fragmented and insufficient to meet the scale and timing of these needs. This bill fits squarely into Hawaii's broader strategy to expand affordable housing by addressing one of the most persistent barriers: *the lack of infrastructure*.

The State's housing strategy emphasizes:

1. Transit-Oriented Development (TOD). Concentrating housing near transit corridors to reduce costs and improve accessibility. This bill provides counties with a financing tool to fund infrastructure projects in TOD areas, enabling higher-density housing development.
2. Accelerating Housing Production. The State recognizes that insufficient infrastructure often stalls housing projects. By allowing counties to pledge future incremental property tax revenues through tax increment financing (TIF), this bill ensures upfront capital for infrastructure without raising property tax rates or creating new taxes.

This bill will accomplish this as it:

1. Creates a new financing tool. Housing Infrastructure Growth Bonds allow counties to pledge a portion of future growth in property tax revenues within designated districts to fund infrastructure today.
2. Will not introduce new taxes or increase current tax rates, since these bonds rely on incremental property tax revenues generated by new development and rising property values, not on countywide tax hikes.
3. Protects fiscal health. This bill excludes these bonds from county debt limit calculations, preserving each county's ability to fund other essential services, while still investing in housing-related infrastructure. This enables counties to finance critical infrastructure without jeopardizing their bonding capacity for other essential services.

This bill is a bold initiative that equips counties with the tools necessary to address Hawaii's housing crisis responsibly and sustainably.

Thank you for the opportunity to testify.



**HAWAII COMMUNITY  
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813  
Telephone: (808) 594-0300 Fax: (808) 587-0299  
Web site: <http://dbedt.hawaii.gov/hcda/>

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR

STERLING HIGA  
CHAIRPERSON

CRAIG K. NAKAMOTO  
EXECUTIVE DIRECTOR

---

Statement of  
**CRAIG K. NAKAMOTO**  
**Executive Director**  
Hawai'i Community Development Authority  
before the  
**HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS**

Wednesday, February 18, 2026  
2:00 p.m.  
State Capitol, Conference Room 325 & Videoconference

In consideration of  
**HB 2476, HD1**  
**PROPOSING AMENDMENTS TO**  
**ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.**

Chairperson Tarnas, Vice Chairperson Poepoe, and Members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports** HB 2476, HD1, which proposes constitutional amendments to authorize the Legislature to enable counties and other political subdivisions to issue housing infrastructure growth bonds, as a value capture financing tool and to exclude those bonds from determinations of funded debt for specified housing-related infrastructure. The HCDA is submitting this testimony based on its role in planning and developing transit-oriented development related infrastructure under Chapter 206E, Part X, *Hawai'i Revised Statutes*.

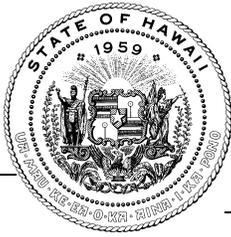
Hawai'i is facing a significant affordable housing challenge, and counties play a critical role in planning and delivering the infrastructure necessary to support new housing development, including water, sewers, roads, and other essential improvements that make housing development feasible. Establishing a clear constitutional basis for housing infrastructure growth bonds strengthens local capacity to finance these vital components of housing development without adversely affecting county debt limits.

By amending Article VII, Sections 12 and 13 of the Hawai'i Constitution, this measure supports the use of innovative financing tools to accelerate housing

production, encourage smart growth, and expand local housing capacity while maintaining fiscal responsibility. These goals are consistent with HCDA's statutory mission.

The passage of this bill is the first step. If this measure is enacted into law, these constitutional amendments must be approved by the electorate through a ballot measure. A successful ballot measure will require informing and educating the electorate. Clarification is requested as to whether this responsibility is anticipated to be undertaken by the counties, a state agency, or the private sector.

Thank you for the opportunity to provide testimony in support.



**STATE OF HAWAII  
OFFICE OF PLANNING  
& SUSTAINABLE DEVELOPMENT**

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**MARY ALICE EVANS**  
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846  
Fax: (808) 587-2824  
Web: <https://planning.hawaii.gov/>

Statement of  
**MARY ALICE EVANS, Director**

before the  
**HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS**

Wednesday, February 18, 2026  
2:00 PM  
State Capitol, Conference Room 325

in consideration of

**HB 2476, HD 1  
PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13,  
OF THE HAWAII STATE CONSTITUTION**

Chair Tarnas, Vice Chair Poepoe, and Members of the House Committee on Judiciary & Hawaiian Affairs.

The Office of Planning and Sustainable Development (OPSD) **supports** HB 2476, HD 1, which proposes constitutional amendments to authorize counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

Hawaii's infrastructure is facing challenges preventing housing development in transit-oriented development areas and other priority growth areas. The funding mechanisms we currently have in place are insufficient to finance these large cost infrastructure projects in transit-oriented development areas that are ripe for development. Without the proposed constitutional amendments to authorize counties to issue Housing Infrastructure Growth Bonds these projects cannot be funded, and infrastructure will continue to deteriorate which may affect housing production.

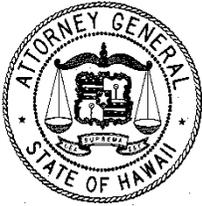
The State's Housing Strategy along with the TOD Council's Strategic Plan highlights:

- Housing in transit-oriented development areas
- Investment in infrastructure for housing development
- Improving accessibility to transit, goods and services
- Accelerating Housing Production

The proposed bill will accomplish:

- Creation of a new infrastructure financing tool
- No new tax or increase in current tax rate
- New housing development

Thank you for the opportunity to testify on this measure.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2026**

---

**ON THE FOLLOWING MEASURE:**

H.B. NO. 2476, H.D. 1, PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.

**BEFORE THE:**

HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

**DATE:** Wednesday, February 18, 2026      **TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 325

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Ian Robertson, Deputy Attorney General

---

Chair Tarnas and Members of the Committee:

The Department of the Attorney General provides the following comments regarding this bill.

The stated purpose of this bill is to propose amendments to article VII, sections 12 and 13, of the Hawaii State Constitution to: (1) expressly authorize the legislature to empower the counties and other political subdivisions of the State to issue housing infrastructure growth bonds; (2) clarify that these bonds are payable solely from incremental real property tax revenues and need not be supported by countywide tax increases; and (3) exclude such bonds from county debt limit calculations to the extent they are in fact repaid from those incremental revenues. It would amend the Constitution to create a definition for the term "housing infrastructure growth bonds" and exclude housing infrastructure growth bonds from the State debt limit. It provides for a ballot question.

H.D. 1 of this bill, in part, includes in the definition of "housing infrastructure growth bonds" the phrase "or other actions necessary for housing and **community development** by the political subdivision" (emphasis added). Page 8, lines 8 to 9. We are concerned that the term "community development" in this context is vague and may lead to constitutional interpretation issues.

To avoid this issue, we suggest that section 2 of the bill be amended to add an additional definition of "community development" to article VII, section 12, of the Hawaii Constitution.

We respectfully ask the Committee to consider our comments.

February 18, 2026

**The Honorable David A. Tarnas, Chair**

House Committee on Judiciary & Hawaiian Affairs  
State Capitol, Conference Room 325 & Videoconference

**RE: House Bill 2476, HD1, PROPOSING AMENDMENTS TO ARTICLE VII,  
SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**

**HEARING: Wednesday, February 18, 2026, at 2:00 p.m.**

Aloha Chair Tarans, Vice Chair Poepoe, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR **strongly supports** House Bill 2476, HD1, which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development. Effective 7/1/3000.

Hawaii continues to face a serious housing shortage and infrastructure remains one of the most significant barriers to housing production. Roads, water and sewer systems, drainage, and public amenities must be in place before homes can be built, yet existing state and county funding mechanisms are insufficient to meet the scale and timing of these needs. Even in strong budget years, traditional capital improvement funding and general obligation bonds cannot keep pace with housing demand.

Housing Infrastructure Growth Bonds ("HIG") offer a proven, fiscally responsible way to close this gap. HIG is a value-capture financing tool that has been used nationwide for decades and is now implemented in 48 out of 50 states. It allows counties to fund infrastructure upfront by using a portion of future property tax growth generated by new development within a defined area.

In practice, a county establishes a HIG district and sets a base assessed property value. As infrastructure investment enables development and increases property values, the incremental property tax revenue above that base is generated. That new revenue, which is revenue that would not exist without the infrastructure investment, is used to repay the bonds. Importantly, HIG does not create or increase taxes; it simply reallocates a portion of newly created tax revenue for a limited period. Once the bonds are paid off, all property tax revenue flows back to the county's general fund.

For the foregoing reasons, HAR strongly supports HIG as an important tool to invest in infrastructure, create much needed housing, and support our communities. Mahalo for the opportunity to provide testimony on this measure.



House Committee on Housing  
Rep. Luke Evslin, Chair  
Rep. Tyson K. Miyake, Vice Chair

February 17, 2026  
3:05 pm  
Room 224

Aloha Chair Evslin, Vice Chair Miyake, and Members of the Committee:

Castle & Cooke Homes Hawai'i, Inc. respectfully submits testimony in **strong support** of **HB2476\_HD1**.

We are committed to building quality communities for local families. Hawai'i's housing affordability crisis is driven in large part by the ever-increasing cost of infrastructure, roads, drainage, sewer, water, and electrical systems must be constructed before housing can be delivered, and those costs continue to rise. High costs are also related to long-term design standards which benefit future generations of buyers. New buyers bear the full cost immediately, even though the infrastructure will serve future residents and users for decades.

HB2476\_HD1 would allow this approach to move forward if voters approve and ratify the related constitutional amendment. The bill would enable counties to finance housing-related infrastructure through growth bonds that are repaid over time as development occurs and property values increase. Instead of requiring new buyers to shoulder the full cost upfront, infrastructure would be paid gradually by all who benefit from it, including future residents and users. Repayment would come from the growth in property tax revenues generated by the development itself, rather than from higher tax rates.

By aligning infrastructure financing with the long-term growth it supports, HB2476\_HD1 removes a significant cost burden from new buyers while creating a fair, sustainable method of paying for infrastructure over time. This approach improves housing affordability, supports responsible growth, and allows housing projects to move forward without imposing additional costs on existing residents. This can ease financing pressures, make projects easier to move forward, and ultimately help produce more homes at attainable prices.

Importantly, this financing mechanism is designed to grow the tax base without increasing tax rates on existing residents, while preserving county borrowing capacity for other essential public services and infrastructure.

Hawai'i's housing shortage is widely recognized and addressing it will require coordinated action across land use, permitting, infrastructure, and financing. HB2476\_HD1 represents a meaningful step toward providing counties with the tools needed to unlock housing-ready lands and accelerate the delivery of new homes.

For these reasons, Castle & Cooke respectfully urges the Committee to pass HB2476\_HB1.

February 18, 2026

TO: Chair Tarnas and Members of the House Committee on Judiciary and Hawaiian Affairs  
RE: HB2476 HD1, Proposing Amendments to Article VII, Sections 12 and 13, of the Hawai'i State Constitution

Dear Chair Tarnas and Committee Members,

Housing Hawai'i's Future is a nonprofit dedicated to creating opportunities for Hawai'i's next generation by ending the workforce housing shortage.

**We strongly support House Bill 2476 HD1.**

This measure is of significant interest because it proposes constitutional amendments that would enable counties to issue housing infrastructure growth bonds. This measure directly addresses a key barrier to housing development: the lack of sufficient infrastructure financing among our counties.

Allowing counties to issue growth bonds for housing infrastructure would provide a flexible and targeted financing tool that supports the development of roads, utilities, and other foundational improvements necessary for new housing opportunities. By further excluding these bonds from funded debt limits, the bill removes a financial constraint that often restricts counties' ability to invest in critical infrastructure.

While this financing authority has technically been authorized since the Ariyoshi administration, constitutional confusion has resulted in lost opportunities for housing opportunities since that point. We need to make up for lost time.

Let's activate our infrastructure potential. **Let's advance House Bill 2476 HD1.**

Thank you,



Lee Wang  
Executive Director  
Housing Hawai'i's Future  
[lee@hawaiisfuture.org](mailto:lee@hawaiisfuture.org)



Perry Arrasmith  
Director of Policy  
Housing Hawai'i's Future  
[perry@hawaiisfuture.org](mailto:perry@hawaiisfuture.org)

February 18, 2026

Representative David Tarnas, Chair  
Representative Mahina Poepoe, Vice Chair  
Committee on Judiciary and Hawaiian Affairs

RE: **HB 2476 - PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS  
12 AND 13, OF THE HAWAII STATE CONSTITUTION**  
**Hearing date – February 18, 2026 at 2:00pm**

Aloha Chair Tarnas, Vice Chair Poepoe and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **STRONG SUPPORT** of **HB 2476 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**. NAIOP Hawaii is the Hawaii chapter of the nation’s leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 2476 proposes amendments to the Constitution of the State of Hawai’i to expressly provide that the Legislature may authorize political subdivisions, such as counties, to Housing Infrastructure growth bonds (HIG), and to exclude these increment bonds in calculating the debt limit of the political subdivisions.

NAIOP Hawaii supports HB 2476 which will explicitly enable the Legislature to authorize counties to issue tax increment bonds. The proposed amendments allow for the utilization of HIGB, a proven financial tool for supporting district infrastructure and fostering economic growth.

NAIOP Hawaii firmly believes that HIG serves as necessary financing tool that will allow for the development of infrastructure from which future housing and mixed-use communities will grow from and serve many generations of Hawaii residents to come. Hawai’i’s housing shortage is fundamentally an infrastructure problem. Roads, water systems, wastewater capacity, drainage, and public facilities are often the binding constraints on housing production. Even in strong budget years, existing tools such as capital improvement funding and general obligation bonds cannot keep pace with the scale

and timing of infrastructure demand tied to housing growth. HIG consistently unlocks the highest financing capacity that can serve as a long-term investment in Hawaii's future.

HIG provide a proven, fiscally responsible solution having been implemented in 48 states across the country. HIG is a value-capture financing tool that allows local governments to fund infrastructure upfront and repay that investment using a portion of the future increase in tax revenue generated by the development the infrastructure enables. HIG reallocates a share of newly created tax revenue within a defined district to pay for the infrastructure that made that growth possible without implementing new taxes for residents.

This approach aligns costs with benefits. Development that creates new demand for infrastructure also generates the revenue to pay for it. Properly structured HIG districts do not divert existing revenues from public services because the incremental property tax revenue would not exist without the infrastructure investment. Jurisdictions can also require fiscal impact analyses and dedicate only a portion of the increment to bond repayment, ensuring essential public services remain fully funded.

HIG is not an experimental concept. It has been used nationwide for decades and is widely regarded as one of the most effective tools for financing infrastructure in urban redevelopment, transit-oriented development, master-planned communities, and post-disaster recovery areas. Compared to alternatives such as special assessments or community facilities districts, HIG generally provides greater financing capacity while avoiding the need to impose new taxes or fees directly on residents, which can increase housing costs.

In 2022, The State of Hawaii commissioned the TOD Infrastructure Financing Study, a four-phase study which took eighteen months to complete (June '22 – Dec '23) and included input from a multitude of consultants, State and City offices, and stakeholders. According to the Study:

1. Existing County and State funding for infrastructure is not sufficient to meet the needs of Hawaii's long-standing affordable housing crisis.
  - i. Counties are already investing in infrastructure via existing means such as CIP; however, existing sources, even in good budget years, are not sufficient for the infrastructure needed to support housing production goals. Additional tools, including those explored by this study, are needed to supplement their resources.
2. Tax Increment Financing provides the highest financing capacity out of all alternative financing mechanisms, including Community Facilities, One-Time Fees, General Excise Tax Surcharges, Transient Accommodation Taxes Surcharge, and the like.

3. Tax Increment Financing, as a value capture tool, provides greater flexibility in eligibility, as opposed to traditional public funding such as GO Bonds, CIP, State grants, or Federal programs).

Importantly, this measure does not mandate the use of HIG. It simply provides local governments with an additional option in their infrastructure financing toolbox, subject to public process and appropriate safeguards. These safeguards can include “but-for” findings, fiscal modeling, and legislative approvals to ensure the tool is used only where it is necessary and beneficial.

Hawai‘i’s housing and infrastructure challenges are challenges of financing and timing. HIG help solve both by allowing infrastructure to be built when it is needed, not years later when funding becomes available. By enabling infrastructure delivery without raising taxes, this measure supports housing production, protects general funds, and promotes fiscally responsible growth.

Accordingly, NAIOP Hawaii greatly supports the utilization of HIG to provide the highest financing capacity for projects in specific districts across the State. Empowering counties with the opportunity to issue tax increment bonds will enhance their financial capacity to address the essential infrastructure requirements that are critical to improving our local housing crisis. Thank you for the opportunity to provide testimony in support of HB2476.

Mahalo for your consideration,



Ken Hayashida, President  
NAIOP Hawaii



February 18, 2026

TO: HONORABLE DAVID TARNAS, CHAIR, HONORABLE MAHINA POEPOE, VICE CHAIR, COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS.

SUBJECT: **SUPPORT OF H.B. 2476 HD1, PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.** Proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development.

HEARING

DATE: Wednesday, February 18, 2026  
TIME: 2:00 p.m.  
PLACE: Capitol Room 325

Dear Chair Tarnas, Vice Chair Poepoe and Members of the Committees,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **Supports** on H.B. 2476 HD1, which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development.

This measure will allow for a financial tool that other states utilize to support infrastructure development. Infrastructure is vital to address the affordable housing crisis facing the State. GCA believes that this will aid in transit oriented development and housing production.

Thank you for the opportunity to provide testimony in support of this measure.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONSTITUTIONAL AMENDMENT; Housing Infrastructure Growth Bonds; Debt Limit; Counties

BILL NUMBER: HB 2476 HD1

Commented [OM1]: 2-17 hearing

INTRODUCED BY: HSG

EXECUTIVE SUMMARY: Proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for housing and community development. Effective 7/1/3000. (HD1)

SYNOPSIS: Amends Article VII, Section 12 of the Constitution to add a new paragraph defining "housing infrastructure growth bonds" as all bonds, the principal of and interest on which are payable from and secured solely by all real property taxes levied by a political subdivision, such as a county, on the assessed valuation of the real property in a designated district established by the political subdivision that is in excess of the assessed valuation of the real property for the fiscal year prior to the effective date specified by resolution of the political subdivision of the specified public works, public improvements, or other actions necessary for housing and community development by the political subdivision within the designated district. Further amends that section to give the Legislature power to authorize political subdivisions to issue housing infrastructure growth bonds.

Amends Article VII, Section 13 of the Constitution to exclude housing infrastructure growth bonds from the debt limit specified in that section.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The proposed measure would allow the counties to issue tax increment bonds (although they are called something else in the bill) and utilize the concept of tax increment financing as another means of financing capital improvements. The concept of tax increment financing is based on increased property tax revenue generated from rising property tax assessments which result from the improvements. Under a tax increment financing plan, a specific geographic area would be designated as a tax increment district for which tax increment bonds would be sold to cover capital improvement project costs within that district.

Upon the designation of a tax increment district an "assessment base" is established, based on the total assessed value of taxable real property in a tax increment district at that time. A "tax increment," which is the amount by which the current valuation of the real property exceeds the assessment base, is then determined. The revenues derived from the assessment base would be paid into the county's general fund while the revenues derived from the tax increment would be

deposited into the tax increment fund. In addition to the revenues derived from the determination of the tax increment, the proceeds of tax increment bonds are also to be deposited into the tax increment fund. The total revenues in the tax increment fund are then be used to finance capital improvements including debt repayment made to the tax increment district which, in turn, will result in increased property valuations due to renovation and increased capital improvements within the designated district.

While this concept provides another means for the financing of capital improvements, caution should be exercised to ensure that the amount of revenues generated within a tax increment district will be enough to cover the debt service of the tax increment bonds issued. Provisions should be made to ensure that this method of financing is not abused as it has been in other states. Specifically, it should be provided that once a tax increment financing district has been designated and the project costs estimated, such districts may not be enlarged nor shall expenditures exceed projections to include purposes other than originally authorized without specific local government approval.

In other words, in designating such districts, certification of assessment values should be done to ensure that valuations of properties within the tax increment district will increase sufficiently to generate enough revenues to repay the cost of the bonds sold. Conversely, specific provisions should be made to ensure that any excess revenues are returned to the county general fund.

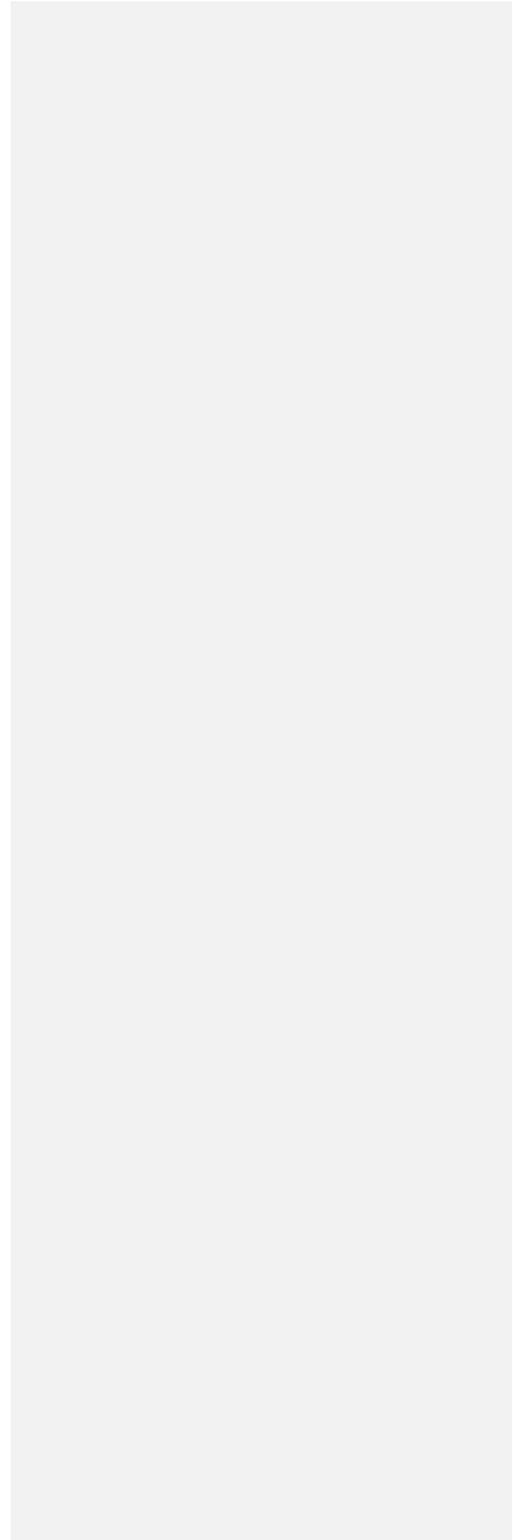
The measure also provides that tax increment bonds shall be excluded from the determination of funded debt of the counties for purposes of the constitutional spending ceiling. It is questionable why tax increment bonds should be treated differently from any other debt of the counties.

As the Hawaii Supreme Court explained in *Convention Center Authority v. Anzai*, 78 Haw. 157, 890 P.2d 1197 (1995), Hawaii's Constitution has had some form of debt limitation in place essentially from its inception. Under the Organic Act, the debt limit was set at ten percent of the assessed value of real property. The limit was subsequently increased to fifteen percent at the 1950 Constitutional Convention. The present structure of the debt limit and its exceptions was adopted by the 1968 Constitutional Convention, where the delegates were particularly wary of the implications of pledging the full faith and credit of the state behind an undertaking that was not "self-sustaining" or whose revenues, and/or the user taxes derived from the undertaking, could not cover the debt service charges. That is why the present constitutional provisions provide for the excludability of reimbursable general obligation bonds from the debt limit to the extent that "reimbursements are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year." Haw. Const. art. VII, § 13(6). In other words, the amounts that are not directly reimbursed to the general fund by revenue and/or user taxes are not excludable from the debt limit. This compromise position carefully balances the competing interests of flexibility and security.

We question the wisdom of writing an exception into our constitutional debt limit safeguards for debt that is supposed to be paid back by increased property tax revenues from development that has yet to occur. If the development does not deliver as advertised, government remains on the hook to repay the bonds, meaning that all of us suffer.

Re: HB 2476 HD1  
Page 3

Digested: 2/16/2026





Testimony of  
Pacific Resource Partnership

Hawai'i House of Representatives Committee on Judiciary and Hawaiian Affairs  
Wednesday, February 18, 2026

**Subject: Testimony in Strong Support of HB2476, HD1 proposing amendments to Article VII, sections 12 and 13, of the Hawai'i State Constitution.**

Aloha Chair Tarnas, Vice Chair Poepoe, and esteemed members of the committee.

Pacific Resource Partnership (PRP), representing more than 6,000 union carpenters, over 250 signatory contractors, and community stakeholders statewide, respectfully submits this testimony in strong support of HB2476, HD1, which proposes constitutional amendments to expressly provide that the legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds, and exclude these bonds from determinations of the funded debt of the political subdivisions for specified public works, public improvements, or other actions necessary for new housing development.

If approved, this type of value capture financing will allow Hawai'i to finally join most of the country in using this type of funding, which has been used by mainland jurisdictions for decades to put hundreds of billions of dollars of infrastructure in place for new housing. In fact, housing infrastructure growth bonds would play a key role in making new housing more affordable for Hawai'i's people. PRP's research has shown that when homebuilders are tasked with putting infrastructure in place such as roads, sewers, water, and electricity – those costs are passed directly onto homebuyers and add 30% or more to the price of a home. In truth, the Hawai'i-model of having homebuilders foot the bill for tens of millions if not hundreds of millions of dollars in infrastructure, is dead. If HB2476, HD1 and value capture financing is not approved, we are unlikely to see the future construction of planned communities such as Ho'opili or Koa Ridge, which are adding thousands of units to Hawai'i's housing stock.

Furthermore, value capture financing allows the counties to grow their revenue pie without increasing taxes on local residents. It enables parcels that otherwise would have remained dormant to leverage future property tax revenue to pay for infrastructure upfront through increment bonds, thus lessening the overall cost of construction and resulting in more affordable units. Moreover, increment bonds do not count towards a county's debt limit, allowing general fund spending to remain focused on core services.



**(Continued From Page 1)**

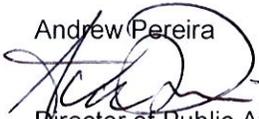
Finally, housing infrastructure growth bonds could be key to unlocking the true potential of transit-oriented development (TOD) for Honolulu's Skyline, as the areas around rail stations currently zoned by the City and County lack the necessary infrastructure to build the type of density that TOD requires. Indeed, the most recent edition of the Hawai'i Perspectives survey of residents statewide, commissioned by PRP this past summer, showed that 53% favor the government paying for infrastructure for new housing, and that majority increases among young people.

In short, housing infrastructure growth bonds approved under the authority of HB2476, HD1 are a commonsense approach to putting infrastructure in place without burdening taxpayers. These bonds could go a long way to help build the 64,000 housing units the state needs right now to catch up with current demand.

PRP respectfully urges the committee to approve this important measure.

Sincerely,

Andrew Pereira



Director of Public Affairs  
Pacific Resource Partnership  
1100 Alakea Street, 4th Floor  
Honolulu, HI 96813  
Phone: (808) 528-5557  
Email: [apereira@prp-hawaii.com](mailto:apereira@prp-hawaii.com)  
Website: [www.prp-hawaii.com](http://www.prp-hawaii.com)



# HAWAII REGIONAL COUNCIL OF CARPENTERS

February 18, 2026

**TO:** The Honorable David A. Tarnas, Chair  
The Honorable Mahina Poepoe, Vice Chair  
Members of the House Committee on Judiciary & Hawaiian Affairs

**RE: TESTIMONY IN STRONG SUPPORT OF HB2476, HD1**

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

The Hawai'i Regional Council of Carpenters, representing over 6,000 skilled union carpenters and tradespeople across the islands, is grateful for the opportunity to submit our testimony in strong support of HB2476, HD1.

Hawai'i's housing crisis cannot be solved without significant, sustained investment in the infrastructure that makes housing possible. Water systems, wastewater treatment, roads, drainage, and climate-resilient infrastructure are not optional. Without them, housing projects stall, costs rise, and homes that working families need never get built.

HB2476, HD1 addresses a core structural problem: counties lack reliable, scalable tools to finance housing-enabling infrastructure. The current system of fragmented, project-by-project contributions and irregular capital appropriations is insufficient to meet the scale and timing of infrastructure needs identified across all counties, particularly in transit-oriented and priority growth areas.

This measure provides a responsible solution by authorizing housing infrastructure growth bonds, a value-capture tool that has been used successfully in other jurisdictions. Importantly, these bonds do not create a new tax or raise property tax rates. They allow counties to use a portion of the future growth in property tax revenues generated by new development to finance infrastructure needed today.

From a workforce perspective, this matters. When infrastructure is funded predictably, housing projects move forward. That means steady work for local tradespeople, stronger apprenticeship pipelines, and more opportunities to build homes for the very communities we live in.

HB2476, HD1 also includes critical fiscal safeguards. The bonds are payable solely from incremental revenues generated within designated districts and are structured to protect county fiscal health. By clarifying constitutional authority and excluding these bonds from county debt limits when they are not backed by general funds, the bill provides certainty while preserving financial discipline.

## STATE HEADQUARTERS & BUSINESS OFFICES

**OAHU:** 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188  
**HILO OFFICE:** 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576  
**KONA OFFICE:** 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376  
**MAUI OFFICE:** 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961  
**KAUAI OFFICE:** Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

In short, HB2476, HD1 helps align infrastructure financing with housing production, supports job creation for local workers, and advances long-term housing affordability without shifting costs onto working families.

For these reasons, HRCC respectfully urges your support for HB2476, HD1.

Mahalo for the opportunity to testify.

February 17, 2026

The Honorable David A. Tarnas, Chair  
The Honorable Mahina Poepoe, Vice Chair  
and Members of the Committee on Judiciary and Hawaiian Affairs

Subject: Testimony: HB 2476, HD1, Relating to Proposing Amendments to Article VII, Sections 12 and 13, of the Hawaii State Constitution  
Hearing: February 18, 2026 at 2:00 PM Conference Room 325

Dear Chair Tarnas, Vice Chair Poepoe and Members of the Committee:

Stanford Carr Development offers **support** of **HB 2476, HD1**, which proposes a constitutional amendment to authorize counties and other political subdivisions to issue bonds payable from incremental real property tax revenues and exclude those bonds from constitutional debt limits.

HB 2476, HD1 appropriately recognizes that Hawai'i faces significant infrastructure financing gaps and that traditional funding mechanisms are often insufficient to meet the timing, scale, and coordination required to support growth. The bill introduces a value-capture financing tool that has been successfully used in other jurisdictions to fund infrastructure without increasing tax rates, and we support this policy direction.

Specifically, we want to express support for the HD1 language that clarified the authorized uses of housing infrastructure bonds to include other actions necessary for housing and community development. Infrastructure such as roads, utilities, drainage, transit, broadband, and public facilities often serve mixed-use districts and economic centers, not housing alone. A broader scope will give counties flexibility to respond to local needs and align infrastructure investments with comprehensive planning and economic development strategies.

We respectfully urge the Committee to pass HB 2476, HD1. Mahalo for the opportunity to provide testimony.

Sincerely,



Stanford S. Carr

**HB-2476-HD-1**

Submitted on: 2/13/2026 6:14:55 PM

Testimony for JHA on 2/18/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jacob Wiencek	Individual	Support	Written Testimony Only

Comments:

Aloha Committee Members,

We've got to use every tool we can to reduce the affordability crisis that is driving working- and middle-class families out of Hawaii. HB2476 will help reduce that burden. I **STRONGLY** urge the committee to **SUPPORT** this proposal!

**HB-2476-HD-1**

Submitted on: 2/13/2026 8:57:35 PM

Testimony for JHA on 2/18/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry,

COMMENT to include DHHL

2476 HB PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.

**HB-2476-HD-1**

Submitted on: 2/14/2026 1:31:24 AM

Testimony for JHA on 2/18/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Debra Bringman	Individual	Oppose	Written Testimony Only

Comments:

I respectfully oppose HB2476 HD1 because while the intent of increasing housing-related infrastructure funding is understandable, this constitutional amendment would authorize a financing tool that does not guarantee affordable housing and may shift resources toward new development instead of addressing long-standing infrastructure needs in existing communities. Many neighborhoods across Hawai‘i still lack promised roads, water upgrades, and safety improvements, and our current systems are already struggling to support the population. The bill relies on future tax growth from designated districts, which could prioritize high-value development over the needs of local residents. Before changing the constitution to expand bonding authority, the State should first address unmet infrastructure commitments, improve accountability, and ensure that new financing mechanisms truly benefit local families rather than increasing pressure on already-strained systems. For these reasons, I respectfully oppose HB2476 HD1.