

**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. 2478, H.D. 1, RELATING TO BONDS.

BEFORE THE:
HOUSE COMMITTEE ON FINANCE

DATE: Friday, February 27, 2026 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 308

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

Chair Todd 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 authorize counties to implement housing infrastructure growth bonds. The bill includes those bonds in a county's itemization of debts that may be excluded from the determination of a county's total funded debt.

This bill operates in conjunction with House Bill No. 2476, which proposes constitutional amendments to article VII, sections 12 and 13, that would define housing infrastructure growth bonds, authorize their issuance by political subdivisions, and exclude them from county debt limit calculations.

If ratified, the constitutional amendment would create a new category of bonds that are payable solely from incremental real property tax revenues and that would be excluded from the constitutional funded debt limitation applicable to counties. This bill would authorize counties to implement those bonds and amend chapter 47C, Hawaii Revised Statutes, to incorporate them into the counties' funded debt calculations and reporting requirements.

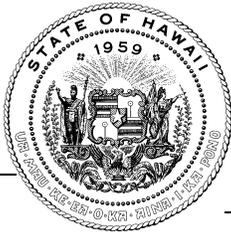
Section 1 of the bill, which was added to the bill in House Draft 1, provides a general authorization, but it does not establish sufficient statutory process with standards or structural safeguards to enable counties to issue such bonds. Article VII, section 12, of the Hawai'i Constitution requires that the Legislature prescribe by general

law the manner and procedure for the issuance of such bonds. As drafted, the bill appears to lack a comprehensive procedural framework specific to this new bond category.

The establishment of a new category of public bonds is a significant fiscal and legal undertaking. Developing an appropriate statutory structure for issuing a new type of bond would require consultation with the Department of Budget and Finance, as well as qualified bond counsel, to ensure legal sufficiency, market viability, and appropriate fiscal safeguards. This level of technical development would require substantial work and specialized expertise.

The Department would be happy to work with the Committee and others to help develop the necessary statutory process to enable counties to issue these bonds.

Thank you for the opportunity to testify.



**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 FINANCE

Friday, February 27, 2026
2:00 PM
State Capitol, Conference Room 308

in consideration of
HB 2478, HD 1
RELATING TO BONDS.

Chair Todd, Vice Chair Takenouchi, and Members of the House Committee on Finance.

The Office of Planning and Sustainable Development (OPSD) **supports** HB 2478, HD 1 which amends the Hawaii Revised Statutes to align with a proposed constitutional amendment authorizing counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

This bill is related to HB 2476, HD 2 which proposes a constitutional amendment to authorize counties to issue Housing Infrastructure Growth Bonds and excludes these bonds from county debt limit calculations. HB 2478, HD 1 will ensure this authority and provide clear guidance for implementation.

This bill is necessary to accelerate housing production as infrastructure financing is a barrier to housing development. This bill will bring more investment to transit-oriented development areas and other priority growth areas.

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.

Josh Green, M.D.
Governor

Sylvia Luke
Lt. Governor

James Kunane Tokioka
DBEDT Director

Dane K. Wicker
DBEDT Deputy Director

Walter Thoenmes
Stadium Authority Chair

Michael R. Yadao
Stadium Authority Executive Director



Statement of
MICHAEL R. YADAO
Stadium Authority
Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Friday, February 27, 2026
02:00 PM
State Capitol, Conference Room 308

In consideration of
H.B. 2478, HD1
RELATING TO BONDS.

Chair Todd, Vice Chair Takenouchi and members of the Committee.

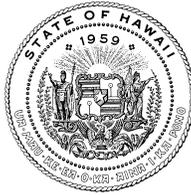
The Stadium Authority supports House Bill 2478, HD1 which conforms county debt limit statements law to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

Housing infrastructure is incredibly important and the growth bonds that facilitate that construction are an integral part of our Stadium Authority Development District and to all projected housing developments statewide. Increasing the counties' ability to issue those bonds can only lead to an increase in the state's housing inventory and make a significant contribution to our local construction economy.

Thank you for the opportunity to testify.

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 FINANCE

February 27, 2026 at 2:00 p.m.

State Capitol, Room 308

In consideration of

HOUSE BILL 2478 HOUSE DRAFT 1 RELATING TO BONDS.

Chair Todd, Vice Chair Takenouchi, and members of the Committee.

HHFDC **supports** House Bill 2478 House Draft 1, which amends the Hawaii Revised Statutes to align with a proposed constitutional amendment authorizing counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations.

HB2478 is a follow-up measure to HB2476, which proposes a constitutional amendment to authorize counties to issue Housing Infrastructure Growth Bonds and exclude these bonds from county debt limit calculations. While HB2476 establishes the constitutional authority for counties to issue bonds, HB2478 ensures that the statutes reflect this authority and provide clear guidance for implementation. Specifically, this bill updates definitions and reporting requirements in Chapter 47C, Hawaii Revised Statutes by:

1. Adding housing infrastructure growth bonds to the statutory definitions of bond types.
2. Revising county debt reporting requirements to include these bonds while recognizing their exclusion from debt limit calculations under Article VII, Section 13.
3. Providing a framework for supplemental debt summaries when counties issue new bonds, ensuring transparency and compliance.

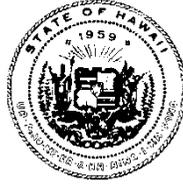
This bill is critical to operationalizing the State's strategy to accelerate housing development, as infrastructure financing is one of the biggest barriers to building affordable housing, especially in transit-oriented development areas and other priority growth areas. By enabling counties to issue housing infrastructure growth bonds and clarifying their treatment under debt limit laws,

this bill ensures counties can finance the infrastructure needed to unlock thousands of new homes without jeopardizing their fiscal health.

Together, HB2476 and HB2478 provide counties with a modern, flexible tool to fund housing-related infrastructure and advance Hawaii's housing goals.

Thank you for the opportunity to testify.

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:

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Statement of the
Hawaii Public Housing Authority

Before the
House Committee on Finance

Friday, February 27, 2026
2:00 p.m. – Room 308, Hawaii State Capitol

In consideration of
HB 2478, HD1
RELATING TO BONDS

Honorable Chair Todd, Vice Chair Takenouchi and Members of the House Committee on Finance:

The Hawaii Public Housing Authority (HPHA) strongly supports this measure which conforms county debt limit statements law to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

HB 2478, HD1 is the implementing legislation for its companion measure HB 2476, HD2. While the latter creates the constitutional power for counties to issue Housing Infrastructure Growth Bonds outside of debt limits, HB 2478, HD1 codifies and provides statutory guidance to put that power into practice.

To speed up housing development, we have to fix how we fund infrastructure. This bill puts the State's housing strategy into motion by giving counties a new tool to unlock thousands of new homes, especially in Transit Oriented Development areas without the debt hitting their bottom line or risking their financial security.

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





**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 FINANCE

Friday, February 27, 2026
2:00 p.m.
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB 2478, HD1
RELATING TO BONDS.

Chairperson Todd, Vice Chairperson Takenouchi, and Members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports HB 2478, HD 1**, which amends Chapter 47, *Hawaii Revised Statutes*, by updating county debt-limit reporting statutes to allow the exclusion of housing infrastructure growth bonds from county debt calculations and adds "housing infrastructure growth bonds" to the definition of "bonds", contingent upon ratification of the related constitutional amendment proposed in HB 2476.

HCDA works closely with counties, state agencies, and private partners to advance housing and supporting infrastructure within designated community development districts and transit-oriented development area, pursuant to Chapter 206E, Part X, *Hawaii Revised Statutes*.

Aligning county debt-reporting practices with this value capture financing tool will support coordinated planning and investment in housing-related infrastructure essential to meeting Hawai'i's housing needs.

Thank you for the opportunity to provide testimony.



HAWAII REGIONAL COUNCIL OF CARPENTERS

February 27, 2026

TO: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance

RE: TESTIMONY IN STRONG SUPPORT OF HB2478 HD1

Aloha Chair Todd, Vice Chair Takenouchi, 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 HB2478 HD1.

HB2478 HD1 is a necessary and technical follow-through measure that ensures county debt-limit statutes are properly aligned with the proposed constitutional authorization for housing infrastructure growth bonds. Without this statutory conformity, counties will lack the clarity and certainty needed to responsibly use this tool, even if voters approve the constitutional amendment.

As the Legislature has recognized, Hawai'i's housing crisis cannot be solved without major investment in housing-enabling infrastructure. Water, wastewater, roads, drainage, and climate-resilient improvements are prerequisites to housing production. Counties need financing tools that are predictable, scalable, and fiscally responsible to deliver that infrastructure.

HB2478 HD1 does not authorize new borrowing on its own. Instead, it updates county debt-limit reporting requirements so that housing infrastructure growth bonds are treated consistently with their intended structure: bonds that are payable solely from incremental property tax revenues generated by new development, not from general funds or countywide tax increases. This distinction is critical to protecting county fiscal health while enabling infrastructure investment.

From a workforce perspective, this bill matters because financing certainty translates directly into project certainty. When infrastructure can be financed and delivered on schedule, housing projects move forward, local contractors can plan work, apprentices can accumulate hours, and Hawai'i residents benefit from stable, well-paid construction jobs building homes in their own communities.

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

HB2478 HD1 strengthens transparency, accountability, and financial discipline by clearly requiring counties to itemize and report bonded indebtedness while properly excluding housing infrastructure growth bonds when they are not backed by general revenues. This is good governance and sound fiscal policy.

For these reasons, HRCC respectfully urges your support for HB2478 HD1.

Mahalo for the opportunity to testify.



Testimony of
Pacific Resource Partnership

Hawai'i House of Representatives Committee on Finance
Friday, February 27, 2026

Subject: Testimony in Strong Support of HB2478 HD1, relating to housing infrastructure growth bonds and excluding said bonds from the debt limit of the counties.

Aloha Chair Todd, Vice Chair Takenouchi, 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 HB2478 HD1, which authorizes the counties to implement and issue Housing Infrastructure Growth Bonds (HIGBs) pursuant to section 12 of article VII of the Hawai'i State Constitution. It also amends county debt limit statements law (primarily in HRS chapter 47C) to conform with this authorization, allowing counties to exclude HIGBs from the counties' debt limits — provided a related constitutional amendment is ratified that expressly permits such bonds and excludes them from determinations of funded debt.

HB2478 HD1 delivers the necessary statutory framework to enable counties to utilize this innovative financing tool once voters approve the companion constitutional change. Without these conforming amendments, even successful ratification of the constitutional provision would leave counties without clear legal authority to issue HIGBs or properly account for them outside traditional debt calculations, creating barriers to implementation.

Housing Infrastructure Growth Bonds represent a smart, value-capture approach already employed successfully in most states to fund billions in infrastructure supporting new housing. These self-repaying bonds are backed solely by incremental property tax revenues from the new developments they enable — meaning no reliance on general funds, no tax increases on existing residents, and no addition to a county's funded debt burden. By shifting upfront costs for essential infrastructure (such as roads, sewers, water, electricity, and other utilities) away from individual homebuilders and homebuyers, HIGBs can reduce final home prices by 30% or more, directly improving affordability for local families.



(Continued From Page 1)

This mechanism also unlocks significant development potential in transit-oriented areas around Honolulu's Skyline rail system, where zoning already permits higher density but infrastructure gaps currently limit progress. Enabling counties to issue these bonds will help transform underutilized parcels into vibrant, housing-rich communities, expand the tax base organically, and stimulate construction activity that creates good-paying jobs for our members and signatory contractors.

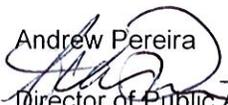
PRP's recent Hawai'i Perspectives survey reinforces strong public backing for this strategy, with 53% of residents statewide supporting government investment in infrastructure to address housing needs — support that is even higher among younger demographics most affected by the crisis. HB2478 HD1 advances fiscal responsibility by requiring updated itemization and reporting of bonded indebtedness (including HIGBs in tabular summaries while clearly excluding them from funded debt totals under specified constitutional clauses), ensuring transparency and accountability.

In summary, this bill provides a practical, balanced pathway to deliver critical housing-enabling infrastructure without straining county budgets or burdening taxpayers. It fosters economic growth through increased construction opportunities and helps produce more attainable homes for Hawai'i's people. PRP respectfully urges the Committee to pass HB2478 HD1.

Mahalo for the opportunity to testify in strong support of 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
Website: www-PRP-Hawaii.com



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
FRIDAY, FEBRUARY 27, 2026 AT 2:00 P.M.**

To The Honorable Representative Chris Todd, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

SUPPORT HB2478 HD1 RELATING TO BONDS

The Maui Chamber of Commerce supports HB2478 HD1, which proposes to enable counties to utilize housing infrastructure growth bonds without those bonds counting against county debt limits, contingent upon a constitutional amendment. This approach has the potential to unlock critical infrastructure investments that directly support housing development.

By allowing counties to exclude housing infrastructure growth bonds from debt limit calculations, the bill provides local governments with greater fiscal flexibility to fund essential infrastructure, such as roads, water, and sewer systems, that is necessary for new housing projects. For Hawai'i, where infrastructure costs are a major barrier to affordable housing and public-private partnerships are needed, this tool could help stimulate development and reduce delays.

We also note that the bill's structure, which requires a constitutional amendment, ensures that this significant fiscal policy change would be subject to public scrutiny and voter approval. This safeguard is important to maintain transparency and accountability in public finance decisions. At the same time, the bill supports the broader goal of "all tools in the toolbox" for addressing the state's housing shortage, a position we strongly support given the scale of unmet housing needs and rising construction costs.

We respectfully recommend that implementation guidance be developed in consultation with county governments and housing stakeholders to ensure the bonds are used efficiently and equitably for infrastructure projects that directly enable affordable and workforce housing.

Mahalo for the opportunity to provide testimony on HB2478 HD1.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



February 27, 2026

House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

RE: HB2478 HD1, Relating to Bonds

Chair Todd, Vice Chair Takenouchi, and members of the committee –

Navian Hawaii is a nonprofit organization supporting the needs of Hawai'i's aging population, including through hospice, palliative care, and integrated support services. We appreciate the opportunity to provide testimony **in support of** HB2478 HD1, Relating to Bonds. This bill would authorize the counties to implement housing infrastructure growth bonds and permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds is ratified.

Hawai'i is undergoing a major demographic shift, with a rapidly aging population that will have profound implications for our healthcare infrastructure. In 2023, over 21% of Hawai'i's residents were aged 65 and older – a proportion that has been increasing and is projected to reach one in four by 2035. The fastest-growing segment includes those over 80 years old.

Accordingly, Navian Hawaii is launching a community-based geriatric primary care service beginning 2026 across the State of Hawaii. The service will be built as a value-based care practice for Hawaii residents in assisted living facilities, adult residential care homes, and private homes.

For this model to succeed at scale, land use and housing policy must align with service delivery realities. Increased residential density - particularly in transit-oriented development (TOD) zones - makes home-based care more efficient and sustainable. When patients live in closer proximity to one another and near transit corridors, healthcare providers can reduce travel time, improve scheduling efficiency, and serve more individuals per day.

Denser, mixed-use neighborhoods also place seniors closer to public transportation, clinics, grocery stores, and social services, strengthening informal and formal support networks.

Housing infrastructure growth bonds would help counties unlock these neighborhoods. One of the primary barriers to realizing the full potential of TOD areas is the cost of roads, water and sewer upgrades, drainage, pedestrian improvements, and other public facilities required to support increased density. These bonds would help ensure adequate infrastructure can be built in advance of and alongside new housing.



This bill invests in TOD zones, addressing both Hawaii's housing and healthcare needs. It would facilitate the construction of more units - including those for kūpuna - while reinforcing a healthcare model centered on aging in place.

Thank you for the opportunity to submit testimony.

February 27, 2026

TO: Chair Todd and Members of the House Committee on Finance
RE: HB2478 HD1, Relating to Bonds

Dear Chair Todd 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 2478 HD1. This measure would authorize the counties to implement housing infrastructure growth bonds. It 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 will 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 housing opportunities since that point. We need to make up for lost time.

Let's activate our infrastructure potential. **Let's advance House Bill 2478 HD1.**

Thank you,



Lee Wang
Executive Director
Housing Hawai'i's Future
lee@hawaiisfuture.org



Perry Arrasmith
Director of Policy
Housing Hawai'i's Future
perry@hawaiisfuture.org

February 27, 2026

The Honorable Chris Todd, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 2478, HD1, Relating to Bonds

HEARING: Friday, February 27, 2026, at 2:00 p.m.

Aloha Chair Todd, Vice Chair Takenouchi, 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 2478, HD1, which authorizes the counties to implement housing infrastructure growth bonds. Conforms county debt limit statements law to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified. 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 and make conforming amendments should the constitutional amendment be ratified. Mahalo for the opportunity to provide testimony on this measure.



February 25, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Committee on Finance
Thirty-Third Legislature, Regular Session of 2026

Hearing date: February 27, 2026, at 2:00 PM

**RE: HB 2476, HD2 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION
HB 2478, HD1 – RELATING TO BONDS**

Aloha Chair Todd, Vice Chair Takenouchi and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii in **SUPPORT** of HB 2476, HD2 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION and HB 2478 HD1 – RELATING TO BONDS. D.R. Horton Hawaii is proud to be one of Hawaii's largest homebuilders, serving Hawaii's families for more than 52 years. We specialize in providing affordable housing and first-time homebuyer opportunities across the state and remain committed to addressing Hawaii's critical housing needs.

HB 2476 and HB 2478, which together would authorize the use of housing infrastructure growth bonds, a form of tax increment financing, to fund required infrastructure necessary to help further development of new homes for Hawaii's families. One of the greatest barriers to producing any type of housing, but especially affordable and workforce housing, is the extraordinary initial and long-term capital holding costs of financing both off-site and on-site required infrastructure such as roads, drainage, sewer, water, electrical and communications systems. In Hawaii, if financing is even available in the market, these substantial costs must be paid upfront by homebuilders with an extremely slow, long capital return, house by house. This long capital return ties up already scarce available financing, ultimately preventing reinvestment in new infrastructure projects and thus...new housing. Just as wall studs, kitchen cabinets and roofing material costs are all underwritten into the cost of housing, so too are the substantial initial and holding cost for infrastructure. If infrastructure financing is not available in the market, as is the case today, then fully entitled master planned communities get stalled...as is the case today.



Housing infrastructure growth bonds provide a practical and proven tool that most mainland jurisdictions have used for decades to align infrastructure delivery with housing production. By allowing counties to issue increment bonds secured by the future increase in property tax revenues generated by new development, these measures could shift infrastructure financing from an upfront cost passed on to homebuyers to a self-funding public mechanism tied directly to growth. This approach lowers the initial capital stack required to get infrastructure built, reduces long term interest risk and ultimately translates into lower costs, and thus, lower sales prices for Hawaii's homebuyers.

Equally important, these bonds do not raise existing tax rates or divert general fund resources away from essential public services. Instead, they allow dormant or underutilized parcels to generate the very revenue needed to support their own infrastructure, broadening the counties' long-term tax base without increasing the tax burden on current residents. Excluding these bonds from traditional funded debt limits recognizes that they are growth-driven financing tools rather than general obligation liabilities, thereby preserving county borrowing capacity for schools, parks, and other core needs. For homebuilders, this certainty and partnership with government can mean the difference between producing homes affordable to Hawaii's families or a stalled project that never gets out of the ground.

Finally, authorizing housing infrastructure growth bonds would unlock opportunities for thoughtfully planned communities as well as transit-oriented development neighborhoods throughout the state. Areas already zoned for housing, including those near rail stations and employment centers, frequently lack the infrastructure capacity to support additional housing units, even when market demand and zoning allow it. These bills would create a structured, accountable method to finance that capacity in advance, accelerating production and helping reduce the substantial housing shortfall. For homebuilders committed to building homes for Hawaii's families, HB 2476 and HB 2478 represent a commonsense, fiscally responsible partnership that can lower costs, increase supply, and move the state meaningfully closer to our collective housing goals.

For these reasons, I strongly urge this committee to **PASS HB 2476, HD2 and HB 2478, HD1.**

Mahalo for your consideration,

Tracy S. Tonaki
President
DR Horton Hawaii



House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

February 27, 2026
2:00 pm
Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Castle & Cooke Homes Hawai'i, Inc. respectfully submits testimony in **strong support** of **HB2478_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.

HB2478_HD1 addresses this imbalance by allowing 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, HB2478_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. HB2478_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 HB2478_HD1.

Mahalo, for the opportunity to submit testimony and for your consideration.

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
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Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

February 25, 2026

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
HB 2478, HD 1, RELATING TO BONDS
House Committee on Finance
Friday, February 27, 2026
2:00 p.m.
Conference Room 308
Via Videoconference**

Dear Chair Todd and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 2478, HD 1, Relating to Bonds. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I am proud to support HB 2478, HD 1, which conforms county debt limit statements law to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified. Housing Infrastructure Growth Bonds are a tried-and-true method to help keep pace with the growing housing demand by investing sustainedly in infrastructure. Additionally, these bonds are a value-capture financing tool, which does not create or increase taxes and has been used across the nation for many decades.

Thank you again for this opportunity to provide testimony in support of HB 2478, HD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

RM:mn

Council Chair
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Vice-Chair
Yuki Lei K. Sugimura

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Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

February 26, 2026

TO: Honorable Chris Todd, Chair, and
Members of the House Committee on Finance

FROM: Nohelani U'u-Hodgins *Nohelani U'u-Hodgins*
Councilmember

DATE: Friday, February 27, 2026
2:00 p.m., Conference Room 308

SUBJECT: **TESTIMONY IN SUPPORT OF HB 2478, HD1, RELATING TO BONDS**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to authorize the counties to implement housing infrastructure growth bonds and to conform county debt limit statements to permit counties to exclude housing infrastructure growth bonds from the debt limit of the counties if a constitutional amendment authorizing the use of housing infrastructure growth bonds and excluding housing infrastructure growth bonds from determinations of the counties' funded debt is ratified.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

HB 2478, HD1, and its companion bill SB 3218, SD1, ensure that state law is properly aligned with the proposed constitutional amendments in HB 2476, providing counties with the clear legal authority and operational framework needed to implement housing infrastructure growth bonds. Without these statutory updates, even if voters approve the constitutional amendment, counties would encounter uncertainty or delays in putting this financing tool into practice. By establishing the necessary guidelines and structure in statute, HB 2478, HD1, enables counties to move forward confidently and efficiently in funding infrastructure that supports much-needed housing developments.

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HB 2478, HD1 helps strengthen transparency and fiscal accountability by requiring clear reporting and detailed disclosure of bonded indebtedness, while appropriately classifying these bonds to protect county financial stability.

Overall, the measure represents a prudent and responsible approach to financing infrastructure, supporting economic growth through construction activity and enabling the development of more affordable housing for Hawai'i's residents without increasing the tax burden.

For these reasons, I respectfully urge your support of HB 2478, HD1.

Mahalo for the opportunity to submit testimony in support of this measure.