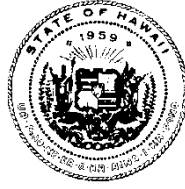


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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, March 25, 2026
2:00 PM – Room 325, Hawaii State Capitol

In consideration of
SB 3219, 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

March 25, 2026 at 2:00 p.m.

State Capitol, Room 325

In consideration of

SENATE BILL 3219 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** Senate Bill 3219, 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:

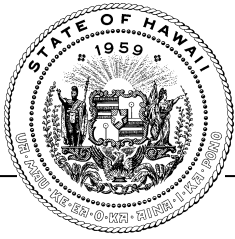
1. **Transit-Oriented Development (TOD).** Concentrating housing near transit corridors to reduce costs and improve accessibility. This bill provides counties with a financing tool to fund infrastructure projects in TOD areas, enabling higher-density housing development.
2. **Accelerating Housing Production.** 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.



**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, Hawai'i 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 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, March 25, 2026, 2:00 PM
State Capitol, Conference Room 325

in consideration of
SB 3219, HD 1
**RELATING TO 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 SB 3219, HD 1**, which proposes constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions.

SB 3219, HD 1 addresses one of the most significant obstacles to housing production in Hawai'i: the lack of adequate infrastructure financing. Currently, the funding mechanisms available to our counties are insufficient to cover the substantial upfront costs of wastewater, water, transportation, and other improvements required for large-scale development. This "infrastructure gap" is particularly acute in Transit-Oriented Development (TOD) areas and other priority growth centers that are otherwise ripe for housing but remain stalled due to a lack of core utility capacity.

This measure provides a critical solution by authorizing counties to issue Housing Infrastructure Growth (HIG) bonds, a form of Tax Increment Financing (TIF). These bonds allow counties to fund and build essential infrastructure today, with the debt being serviced by the future increases in property tax revenue specifically generated by the new developments that the infrastructure made possible. Without the proposed constitutional amendments to authorize this tool, many high-priority projects will remain unfunded. Consequently, existing infrastructure will continue to deteriorate over time, further stunting housing production and increasing the long-term cost of development for the State and the counties.

SB 3219, HD 1 RELATING TO PROPOSING AMENDMENTS TO ARTICLE VII,
SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION - SUPPORT
State Office of Planning and Sustainable Development
March 25, 2026

The implementation of HIG bonds aligns perfectly with the State's Housing Strategy and the TOD Council's Strategic Plan. These guiding documents emphasize the necessity of investing in infrastructure to accelerate housing production, particularly in areas that improve resident accessibility to transit, goods, and services. By passing this measure, the State will create a powerful new financing tool that requires no new taxes and no increase in current tax rates, instead leveraging the economic growth of the developments themselves to pay for the necessary foundations of our communities.

While OPSD previously expressed a preference for the companion measure, HB 2476, HD 2, we note that the current draft of SB 3219, HD 1 has been amended and is now substantively identical to the House version. The only remaining distinction between the two measures lies in the specific phrasing of the constitutional ballot question and respectfully defers to the Department of the Attorney General regarding this difference. As the core provisions of the bills are now aligned, OPSD stands in support of the current draft.

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

SB 3219, HD 1 RELATING TO PROPOSING AMENDMENTS TO ARTICLE VII,
SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION - SUPPORT
State Office of Planning and Sustainable Development
March 25, 2026



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawai'i 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, March 25, 2026
2:00 p.m.
State Capitol, Conference Room 325 & Videoconference

In consideration of
SB 3219, 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** SB 3219, HD1 which proposes constitutional amendments to authorize the Legislature to enable counties and other political subdivisions 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. 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.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Councilmembers
Kauanoë Batangan
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins




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

March 24, 2026

TO: The Honorable David A. Tarnas, Chair
House Committee on Judiciary & Hawaiian Affairs

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF MARCH 25, 2026; TESTIMONY IN SUPPORT OF SB 3219, HD1, PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**

I support this measure to propose amendments to the Hawai'i State Constitution to authorize the Legislature to empower the counties to issue housing infrastructure growth bonds and exclude those bonds from county debt limit calculations.

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.

I support this measure for the following reasons:

1. Empowering counties to issue housing infrastructure growth bonds would enable them to pledge a portion of future growth in property tax revenues within designated districts to fund infrastructure without introducing new taxes, increasing tax rates, or jeopardizing bonding capacity for other essential services.
2. The proposed constitutional amendment would promote housing development in the State by providing counties with an optional financing tool to advance housing infrastructure and community development.
3. It would strengthen county fiscal flexibility while safeguarding economic health, respect home rule authority, and support State and county efforts to responsibly increase the housing supply.

Thank you for your consideration.



Testimony of
Pacific Resource Partnership

Hawai'i State Legislature
Honorable Members of the House Committee on Judiciary and Hawaiian Affairs (JHA)
Wednesday, March 25, 2026

Subject: Testimony in Strong Support of SB3219 HD1 relating to housing infrastructure growth bonds and debt limit of the counties.

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 SB3219 HD1, which proposes constitutional amendments to Article VII, sections 12 and 13, of the Hawai'i State Constitution.

The measure expressly authorizes the Legislature to empower counties and other political subdivisions to issue housing infrastructure growth bonds — payable solely from incremental real-property tax revenues within designated districts — and excludes these bonds from county debt-limit calculations for specified public works, public improvements, or other actions necessary for new housing development. If approved by the voters, this proven value-capture financing tool will allow Hawai'i to finally join most of the country in using a mechanism that has funded hundreds of billions of dollars in infrastructure for new housing on the mainland for decades.

Housing infrastructure growth bonds will play a key role in making new homes more affordable for Hawai'i's people. PRP's research shows that when homebuilders are mandated to fund roads, sewers, water, and electricity, those costs are passed on to buyers and add 30% or more to the price of a home. The current Hawai'i model of shifting tens or hundreds of millions in infrastructure costs to homebuilders is unsustainable. Without SB3219 HD1, we are unlikely to see future planned communities such as Ho'opili or Koa Ridge — projects that will add thousands of much-needed units to our housing stock.

Importantly, the purchasers of the bonds hold the risk, not the counties that pursue Housing Infrastructure Growth Bonds. These bonds do not require new taxes or rate increases; they simply pledge a portion of the natural growth in future property-tax revenues generated by new development and rising values within the district. This approach grows the counties' revenue base without burdening existing residents and keeps general-fund resources focused on core services.



(Continued From Page 1)

Housing infrastructure growth bonds are also essential for unlocking transit-oriented development along Honolulu's Skyline rail, where station areas lack the infrastructure needed for true density. This tool can support transformative projects on O'ahu such as the city's vision for Iwilei-Kapalama (thousands of mixed-use units), workforce and student housing around UH West O'ahu, and sustainable development on the 4,390 acres of the returning Kawaihoa-Poamoho Training Area. Meanwhile, there are several planned communities on the neighbor islands that cannot move forward with construction due to a lack of infrastructure. These developments would also benefit from revenue capture financing that these bonds would generate.

Housing infrastructure growth bonds represent a commonsense solution: infrastructure is built without burdening taxpayers, and new development helps pay for the infrastructure it requires. PRP respectfully urges the committee to pass this measure so Hawai'i can move forward with the constitutional authority needed to deliver the 64,000 housing units our state desperately requires right now just to catch up with demand.

Mahalo for your consideration.

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



March 23, 2026

Representative David A. Tarnas, Chair
Representative Mahina Poepoe, Vice Chair
Members of the Senate Committee on Judiciary
& Hawaiian Affairs
Thirty-Third Legislature, Regular Session of 2026

Hearing date: March 25, 2026, at 2:00 PM

RE: SB 3219, HD1 – PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13 OF THE HAWAII STATE CONSTITUTION

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

Mahalo for the opportunity to submit testimony on behalf of D.R. Horton Hawaii in **SUPPORT** of SB 3219, HD1 - PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13 OF THE HAWAII STATE CONSTITUTION. 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.

SB 3219, HD1 which together with SB 3218, 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 for Hawaii's families, SB 3219, HD1 represents a common sense, fiscally responsible partnership that can lower costs, increase supply, and move the state meaningfully closer to Hawaii's housing goals.

For these reasons, I strongly urge this committee to **PASS SB 3219, HD1.**

Mahalo for your consideration,

Tracy S. Tonaki
President
D.R. Horton Hawaii

March 23, 2026

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

RE: SB 3219 - PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION
Hearing date – March 25, 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 SB 3219 – 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.

SB 3219 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 SB 3219 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 SB3219.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Ken Hayashida". The signature is fluid and cursive, written in a professional style.

Ken Hayashida, President
NAIOP Hawaii

March 25, 2026

The Honorable David A. Tarnas, Chair

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

**RE: Senate Bill 3219, HD1, PROPOSING AMENDMENTS TO ARTICLE VII,
SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION**

HEARING: Wednesday, March 25, 2026, at 2:00 p.m.

Aloha Chair Tarnas, 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** Senate Bill 3219, 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 for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions. 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.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

March 25, 2026

To: **The State House Committee on Judiciary and Hawaiian Affairs**
415 South Beretania Street
Honolulu, HI 96813

Re: **Testimony in Strong Support for SB3219 HD1, Relating to Housing Infrastructure Growth Bonds; Constitutional Amendments (ConAm)**

For Hearing on Wednesday, March 25, 2026 at 2:00 pm in Conference Room 325

Aloha Honorable **Chair Tarnas, Vice Chair Poepoe** and House Judiciary and Hawaiian Affairs Committee Members,

The **Hawaii Laborers & Employers Cooperation and Education Trust Fund** (Hawaii LECET) is a joint labor-plus-management partnership established in 1993 between the 5,000 statewide members of the Hawaii Laborers Union and over 250 construction contractor members from both the *General Contractors Association* and the *Building Industry Association*. The Laborers International is the largest construction trade union in North America, and Hawaii LECET is part of a network of 38 labor-management LECET Funds across the country.

SB3219 HD1 provides a critical tool for Hawaii's economic development and a pragmatic solution to our state's chronic infrastructure deficit:

1. Unlocking Economic Development via Infrastructure

The primary barrier to housing production in Hawaii is not just a lack of land or high interest rates; it is the staggering cost of "off-site" infrastructure. Currently, many housing projects stall because the necessary sewer upgrades, water lines, and road improvements are too expensive for a single developer to bear and are not funded in the counties' immediate capital improvement budgets. SB3219 HD1 solves this by allowing counties to issue **Housing Infrastructure Growth (HIG) bonds** to use a "value-capture" mechanism.

2. A Tool for Modern Infrastructure and TOD

This bill is particularly essential for **Transit-Oriented Development (TOD)**. For the Skyline rail system and surrounding communities to be economically viable, we must build dense,

mixed-use housing near stations. However, the legacy infrastructure in these areas is often decades old and insufficient for modern density. SB3219 HD1 provides a dedicated, self-funding pathway to modernize this infrastructure without competing for funds from the state or county general funds.

3. Fiscal Responsibility and Debt Management

Crucially, SB3219 HD1 proposes a constitutional amendment to **exclude HIG bonds from the determination of a county's funded debt**. This is a sophisticated and responsible fiscal move:

- **Self-Sustaining:** These bonds are repaid solely by the new revenue generated within the specific district. They do not put a burden on taxpayers outside that district.
- **No New Taxes:** This does not require raising property tax rates. It simply captures the *natural growth* in value that occurs when a neighborhood is improved.
- **Preserving General Credit:** By excluding these from general obligation debt limits, counties maintain their ability to borrow for other essential services like public safety and emergency repairs.

4. Job Creation and Long-Term Stability

Beyond housing, the infrastructure projects funded by these bonds will create a steady pipeline of high-paying local construction jobs. Furthermore, by increasing the supply of housing through improved infrastructure, we stabilize the cost of living for our workforce—the single most important factor in long-term economic resilience and preventing the "brain drain" of our local families.

Conclusion

Hawaii cannot solve its housing crisis with 20th-century financing tools. SB3219 HD1 provides the 21st-century mechanism needed to build the foundation of our future. It empowers our counties, protects our taxpayers, and ensures that infrastructure is seen as an investment in growth rather than a barrier to it.

Thank you for this opportunity to testify in strong support of SB3219 HD1

Mahalo,

**Hawai`i Laborers & Employers
Cooperation and Education Trust**



March 24, 2026

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

RE: SB 3219 HD1- PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII STATE CONSTITUTION.

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

My name is Ana Tuiaosopo, and I am a Trustee and District Representative for the International Union of Operating Engineers (IUOE) Local 3, representing heavy equipment operators, mechanics, surveyors, and other skilled tradespeople in Hawai'i's construction industry. I submit this testimony in **strong support of SB 3219- HD1** which proposes a targeted constitutional amendment to authorize counties to issue Housing Infrastructure Growth Bonds.

Hawai'i's housing crisis cannot be solved without addressing its most significant bottleneck: infrastructure financing. Legislative findings and the Legislature-funded TOD Infrastructure Financing and Delivery Strategy Study make clear that transit-oriented development areas and other priority growth areas across the State require hundreds of millions of dollars in upfront investment for roads, water, wastewater, drainage, and climate-resilient infrastructure. Existing tools—project-by-project contributions and irregular capital improvement appropriations—are fragmented, inequitable, and insufficient to meet the scale and timing of these needs.

HB2476 provides counties with a proven value-capture financing tool to address this gap. Housing Infrastructure Growth Bonds allow infrastructure to be funded upfront using a portion of the new property tax revenue generated by development enabled by that infrastructure. This mechanism does not create a new tax, does not increase tax rates, and does not divert existing revenues. Instead, it captures a portion of future tax growth that would not occur, "but for" the infrastructure investment itself.

Notably, Hawai'i is one of only two states in the nation that does not meaningfully use tax increment-style financing tools for infrastructure, the other being Arizona, which relies on narrower alternatives rather than a true, broad-based TIF framework. As a result, counties in Hawai'i are operating without a financing tool that is widely used across the country to support housing, infrastructure, and economic development. HB2476 helps bring Hawai'i into alignment with national best practices while preserving strong fiscal safeguards.

I humbly ask for your support and approval of SB 3219- HD1.

Sincerely,

Ana Tuiaosopo
District Representative, Trustee
Operating Engineers Local 3



House Committee on Judiciary & Hawaiian Affairs
Rep. David A. Tarnas, Chair
Rep. Mahina Poepoe, Vice Chair

March 25, 2026
2:00 pm
Room 325

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

Castle & Cooke Homes Hawai'i, Inc. respectfully submits testimony in **strong support** of **SB3219_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.

SB3219_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, SB3219_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. SB3219_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 SB3219_HD1.

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: SB 3219 HD1

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 for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions. 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 new housing 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.

Additionally, adds a new paragraph to Article VII, Section 12 of the Constitution to define "community development" as the planning, acquisition, ownership, construction, reconstruction, rehabilitation, or improvement of capital projects or improvements, including real or personal property, or any interest therein, that advances a community's values, culture, and vision. Community development shall be limited to capital assets and shall not include operating expenses.

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.

Digested: 3/23/2026



Housing Hawai'i's Future
PO Box 3043
Honolulu, HI 96802-3043

March 25, 2026

TO: Chair Tarnas and Members of the Committee on Judiciary & Hawaiian Affairs
RE: SB3219 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 Senate Bill 3219 HD1. This measure proposes constitutional amendments that would enable counties to issue 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 Senate Bill 3219, HD1.**

Thank you,

A stylized, circular signature in black ink, appearing to be the name "Lee Wang".

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

A handwritten signature in black ink, appearing to be "Perry Arrasmith".

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



March 25, 2065

Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair
Senate Committee on Water, Land, Culture and the Arts

Senator Stanley Chang, Chair
Senator Troy N. Hashimoto, Vice Chair
Senate Committee on Housing

Senator Herbert M. "Tim" Richards, III, Chair
Senator Rachele Lamosao, Vice Chair
Senate Committee on Hawaiian Affairs

Opposition to HB 2049, HD3, RELATING TO HOUSING (Restructures the conveyance tax to a marginal rate system for the sale of properties with residential use, adjusts the tax for multifamily properties to reflect value on a per-unit basis, and applies a cost-of-living adjustment to conveyance tax rates. Allocates revenues from conveyance tax collections. Allocates a portion of conveyance tax collections to the Dwelling Unit Revolving Fund [DURF] to fund infrastructure programs in areas that meet minimum standards of transit-supportive density. Allocates a portion of conveyance tax revenues to the Hawaiian Home Lands Infrastructure and Housing Special Fund [HHL Special Fund). Establishes and appropriates funds out of the HHL Special Fund. Effective 7/1/3000. [HD3])

**Wednesday, March 25, 2026, at 1:02 PM
State Capitol, Conference Room 224, & Videoconference**

The Land Use Research Foundation of Hawai'i (LURF) is a private research and trade association founded in 1979, whose members include major Hawai'i landowners, developers, real estate investment trusts, utility companies, and land use professionals. LURF's mission is to research, educate, and advocate for reasonable, rational, and equitable land use planning, laws, and regulations that encourage well-planned and sustainable economic growth in agriculture, housing, renewable energy, commercial and industrial uses, and tourism, while safeguarding Hawai'i's significant natural, environmental, historic, and cultural resources, public health, and safety.

LURF strongly **opposes HB 2049, HD3**, based on, among other things, the following:

- **Increases in State conveyance taxes will increase the costs for home buyers of multi-family housing and cause other unintended negative consequences for local businesses and families.**
- **The Hawaii conveyance tax was never intended to be and should not operate as a revenue-generating tax.**
- **This bill violates Sections 37-52.3 and 37-52.4, HRS, by using the conveyance tax to increase special and revolving funds which do not have a *clear nexus* or benefit to the property sellers paying the tax.**
- **Other legal alternatives are available to fund the Special Land and Development Fund and the DURF TOD infrastructure programs.**
- **Exemptions should be provided for multi-family residential developers who already provide trail and other public access, outdoor public recreational facilities, and TOD-related infrastructure.**

LURF's Position. LURF members include homebuilders and architecture, engineering, and legal professionals that collectively have helped to build the most affordable and market housing units in the State of Hawaii and continue to work collaboratively with all state and county housing agencies.

LURF appreciates that this measure may be well-intended, however, under the circumstances, must respectfully express its opposition to fact that the bill proposes to restructure and in most cases increase conveyance taxes on the sale of residential properties which will increase the costs of housing and unfairly and detrimentally impact all local people who buy, sell, or leasing homes, including kupuna, and young families; and then allocating revenues from the conveyance tax revenues to special funds that have no “legal nexus” to those paying the increased conveyance taxes.

The proposed restructuring of conveyance taxes and resulting increase of the conveyance tax rate for the transfer or conveyance of certain residential properties is arguably inappropriate, improper, and illegal, given the following:¹

¹ Further opposition to HB 2049, HD3 may be warranted but shall be reserved until the actual details regarding the expected total amounts of expected revenue and disposition and use of the revenues intended to be collected are fully disclosed, as is proper and appropriate with any proposed bill for which the intended purpose is to generate revenue.

1. The Hawaii conveyance tax was never intended to be and should not operate as a revenue-generating tax.

Chapter 247 (Conveyance Tax) of the HRS was purposefully enacted in 1966 to provide the State Department of Taxation (“DoTax”) with informational data for the determination of market value of properties transferred, and to assist the DoTax in establishing real property assessed values. In short, the sole intent of the conveyance tax was originally to cover the administrative costs of collecting and assessing said informational data, which necessarily entails the recording of real estate transactions, as performed by the Bureau of Conveyances.

Since the enactment of HRS Chapter 247, however, the State Legislature has proposed, and has managed to implement changes to the law 1) to allow application of conveyance tax revenue to a number of non-conveyance type uses (land conservation fund; rental housing trust fund; and natural area reserve fund) to the point where there is no longer any clear nexus between the benefits sought by the original Act and the charges now proposed to be levied upon property owners transferring ownership; and 2) also to increase the tax rates to the point that said revenues now far exceed the initially stated purpose of the Act.

Moreover, supplemental funding for some of those expanded uses for which conveyance tax revenues were subsequently authorized has since been determined to be unnecessary, and recommended to be discontinued, creating an even stronger basis for legal objection and challenge.

Such expansions and deviations, including the unspecified use of conveyance tax proposed by the current measure, go beyond the scope of the original intent of the conveyance tax law, and are concerning to LURF since the proposed bill, particularly if unlawfully intended to target specific types of transactions or groups of property owners, could be characterized as imposing an improper penalty, hidden tax, or surcharge, which may be subject to legal challenge.

2. HB 2049, H.D. 2 is arguably illegal and in violation of Sections 37-52.3 and 37-52.4, HRS, because it attempts to use the conveyance tax to subsidize or increase subsidies to special and revolving funds which have not yet been established, and/or which do not have a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program.

Due to concerns relating to the establishment and use of special funds and the circumvention of the legislative appropriation processes which could potentially be caused by their use, special funds are subject to HRS Sections 37-52.3 and 37-52.4. Criteria for the establishment and continuance of special and revolving funds were enacted by the 2002 Legislature through Act 178, SLH 2002, Sections 37-52.3 and 37-52.4, HRS. To be approved for continuance, a special fund must:

- a. serve the purpose for which it was originally established;
- b. reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;
- c. provide an appropriate means of financing for the program or activity; and
- d. demonstrate the capacity to be financially self-sustaining.

The first and second criteria are nearly identical to those in Act 240, SLH 1990, codified in Section 23-11, HRS, requiring the Auditor to review all legislative bills in each session to establish new special or revolving funds.

It appears that the intent of HB 2049, HD3 is to now create an additional source of funding for the DURF, and to fund a newly created HHL Special Fund.

However, the State Auditor has concluded in the past that such an arrangement to use the conveyance tax revenues for **Special Funds where there is no clear link or no clear nexus with the funding source (individuals and organizations involved in specific, particular types of real estate transactions) should be repealed.**

3. Other legal and voluntary alternatives may be available to increase funding or incentivize support for affordable housing.

In lieu of improperly imposing changes and increases of conveyance taxes to increase the State's general fund, or to subsidize or increase revenue for certain unrelated special funds with no clear link to the conveyance tax purposes or beneficiaries, proponents of those special funds or programs are urged to look to other possible legitimate means to do so, including funding support through other "related" or "linked" state and county charges, fees, or taxes.

Given the "*clear nexus*" requirement for special and revolving funds, and also given that general funding and alternative methods to secure revenues for these funds exist, expansions and deviations of HRS Chapter 247 which go beyond the scope of the original intent of the conveyance tax law is again, concerning.

4. Measures which attempt to utilize the State conveyance tax as a revenue-generating tax will likely cause unintended negative consequences.

- a. **Hawaii's large *kama`aina* landowners and housing developers will likely be affected.**

These types of proposed bills would impact local landowners who may be transferring large residential properties for housing developments, or other mixed-use (residential and commercial) developments that would serve the community and create needed employment.

b. Such measures would create significant disincentives for business in Hawaii.

At a time when the State still continues to reel from the effects of the Covid pandemic and the Maui wildfires and is still attempting to encourage business expansion in, and attract business operations to Hawaii, measures implemented to utilize the State conveyance tax as a revenue generating tax would create a disincentive and will have a substantial negative impact on persuading new and existing residential development businesses to open or expand in Hawaii, or to relocate their operations to this State. The proposed additional cost of doing business in Hawaii would certainly appear to negatively outweigh any positive revenue impact resulting from the imposition of conveyance taxes pursuant to these types of measures.

c. This type of legislation would drive up the cost of lands for production of multi-family residential development, affordable and market homes, and mixed-use (residential-commercial) development.

This proposed measure will have a significant negative economic impact on residents, owners, buyers, sellers of many residential properties. The imposition of an increase of conveyance tax on transfers which affect **privately owned residential lands and government residential lands intended for government assisted housing developments** will be passed on to home buyers and will thus increase the price of homes and exacerbate the affordable housing problem in Hawaii; and the proposed imposition of the conveyance tax onto transfers which may affect **mixed-use residential-commercial properties** will also be passed on to potential home buyers and small businesses, creating yet another substantial financial burden on them.

d. Should this measure be enacted, exemptions should be created for all landowners and developers that currently build needed housing and affordable housing, and for those that otherwise provide substantial support for the programs that benefit from conveyance tax revenues.

It is ironic and unfair that among the entities which will be hardest hit by these types of measures include Hawaii's large landowners and developers that build housing (including affordable housing), and serve as stewards of our lands, and are the leading partners in, and contributors to the purposes funded by conveyance tax revenues. At the very least, exemptions to these types of measures should be written in or created for those entities that lend to the housing needs in the State.

Conclusion.

Given the incontrovertibly clear and express intent of Hawaii's conveyance tax law (HRS Chapter 247), which is to use State conveyance tax revenue to specifically cover administrative costs incurred by DoTax to collect and assess informational data, any expanded use of State conveyance tax revenue must be strictly limited to that purpose as set

out in the original Act. Use of conveyance tax revenue for any other purpose is subject to scrutiny and legal challenge.

There is also significant concern that proposed measures which attempt to utilize the conveyance tax as a revenue generating tax will likely cause unintended negative consequences to the housing industry and sellers and buyers of residential properties which would be detrimental to the State.

In view of these issues, legislators should be advised to act with caution, and to proceed judiciously when considering measures which propose to utilize or apply the conveyance tax as a revenue generating tax, especially to support the establishment or continuance of special, revolving and trust funds.

Due to the importance of the above conveyance tax issues, **LURF must oppose HB 2049, HD3, and respectfully requests that this bill be deferred by this Committee.** Such a deferral could provide the opportunity for legislators and residential housing stakeholders, including, but not limited to government agencies, the real estate industry, private landowners, experts in economics, taxes and the law, interested parties, and the public to collaborate, possibly reach a consensus, and work toward addressing the bill's purpose and to develop alternatives to subsidizing the general fund, including other broad-based supplemental funding by Hawai'i's taxpayers and visitors.

Thank you for the opportunity to provide comments and concerns **in opposition** to this proposed measure.



HAWAII REGIONAL COUNCIL OF CARPENTERS

March 25, 2026

TO: The Honorable David A. Tarnas, Chair
The Honorable Mahina Poepoe, Vice Chair
Members of the House Committee on Housing

RE: TESTIMONY IN STRONG SUPPORT OF SB3219 HD1

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

The Hawai'i Regional Council of Carpenters (HRCC), 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 SB3219.

SB3219 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.

SB3219 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.

SB3219 strengthens transparency, accountability, and financial discipline by clearly requiring counties to itemize and report bonded indebtedness while properly excluding housing

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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 SB3219.

Mahalo for the opportunity to testify.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Councilmembers
Kauanoë Batangan
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



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

March 24, 2026

TO: Honorable David A. Tarnas, Chair, and
Members of the House Committee on Judiciary and Hawaiian Affairs

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

DATE: Wednesday, March 25, 2026
2:00 p.m., Conference Room 325

SUBJECT: **TESTIMONY IN SUPPORT OF SB 3219, HD1, PROPOSING
AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE
HAWAII STATE CONSTITUTION**

Thank you for the opportunity to submit testimony in support of this measure. The purpose of this measure is to propose constitutional amendments to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue housing infrastructure growth bonds for specified public works, public improvements, or other actions necessary for housing and community development, and exclude these bonds from determinations of the funded debt of the political subdivisions.

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.

Hawai'i continues to face a severe housing shortage, driven in large part by the high cost and lack of necessary infrastructure to support new housing development. This measure provides counties with an innovative and practical financing tool to address that gap by allowing investment in critical infrastructure such as water, wastewater, roads, and drainage systems—without increasing, or creating new, property tax rates.

By leveraging future increases in property tax revenues generated within designated districts, housing infrastructure growth bonds enable counties to fund infrastructure

March 24, 2026

Page 2

upfront while ensuring that new development helps pay for the improvements it requires. Just as importantly, excluding these bonds from county debt limits preserves fiscal flexibility and protects overall financial health.

This approach has been successfully utilized in other jurisdictions and represents a forward-thinking solution tailored to Hawai'i's unique challenges. It aligns infrastructure funding with housing production, supports transit-oriented development, and helps create more opportunities for local residents to access affordable housing.

For these reasons, I respectfully urge your support of SB 3219, HD1.

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