

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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February 4, 2008

The Honorable Ken Ito, Chair
and Members of the Committee on Water,
Land, Ocean Resources & Hawaiian Affairs
House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Ito and Members:

**Subject: House Bill 3022
Relating to State Constitution**

The Department of Planning and Permitting **supports** House Bill 3022. It amends the state constitution to explicitly allow the counties to participate in tax increment financing (TIF) programs.

Under Act 267 (1985), the state adopted a new provision that allows the counties to establish tax increment districts, create tax increment funds, and issue tax increment bonds (Part VI, Chapter 46, HRS). However, there remains a concern that the state constitution does not recognize TIF programs. Thus, this bill would effectively resolve the matter.

While we are not a financing agency, we support TIF as one incentive for good transit-oriented development (TOD) projects. We note that many mainland cities offer TIF as part of a range of public incentives to the private sector, with TIF becoming a common element in public-private partnerships. Many other cities own land adjacent to transit stations that can be leveraged to yield desirable TOD projects. However, because the City and County of Honolulu owns little land adjacent to planned stations we need to have other incentives available. While we have no plans to embark on a TIF program soon, it is useful to have this flexibility.

Please adopt House Bill 3022. Thank you for the opportunity to testify.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Henry Eng", is written over a printed name and title.

Henry Eng, FAICP, Director
Department of Planning and Permitting

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