

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 1205
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1205 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE CONSTITUTION OF THE STATE OF HAWAII RELATING TO TAX INCREMENT BONDS,"

begs leave to report as follows:

The purpose of this bill is to assist the counties in obtaining funding for infrastructure and other improvements by proposing amendments to the Hawaii Constitution to expressly provide that the Legislature may authorize the counties to issue tax increment bonds which can be used to finance projects and improvements within a designated tax increment district.

The Department of Budget and Fiscal Services of the City and County of Honolulu and Pacific Resource Partnership testified in support of this bill. The Department of the Attorney General provided comments.

Your Committee has amended this bill by:

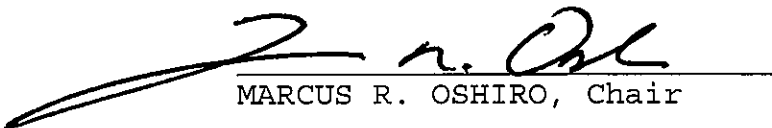
- (1) Clarifying the definition of "tax increment bonds" so as to prevent the possibility of the tax increment bond being construed as a de facto general obligation bond of the county;



- (2) Providing for the establishment of an as yet unspecified maximum term for the tax increment bond;
- (3) Clarifying language regarding the conditions under which tax increment bonds are excluded from the determination of the debt limit on the power of the State to issue general obligation bonds or the funded debt of any political subdivision;
- (4) Replacing references to "county" with "political subdivision" to retain consistency with the terminology currently used in Article VII of the Hawaii Constitution;
- (5) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1205, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1205, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HJR 665-10

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:	Date:		
HB 1205	JUD, FIN	2/25/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold				
<input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane				✓
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. FINNEGAN, Lynn	✓			
17. WARD, Gene				✓
TOTAL (17)	15	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation.				
_____ committee acronym(s)				
Vice Chair's or designee's signature: <u>Marilyn B. Lee</u>				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				