
A BILL FOR AN ACT

RELATING TO WATER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's surrounding
2 ocean waters, streams, groundwater, watersheds, and other
3 sources of fresh water are vulnerable to pollution and
4 contamination from cesspools, which discharge raw, untreated
5 sewage into the ground, and nonpoint source pollution that flows
6 off the land directly into the ocean.

7 The legislature further finds that in other jurisdictions,
8 tax increment financing is an established means to finance
9 infrastructure projects. However, in Hawaii, questions
10 regarding whether the counties are constitutionally authorized
11 to implement tax increment financing to fund projects have
12 arisen, and whether tax increment financing would generate
13 sufficient revenue to fund significant capital improvement
14 projects.

15 The purpose of this Act is to establish a working group to
16 determine:



1 (1) The viability of using revenues derived from tax
2 increment financing to provide incentives to
3 developers to adequately fund water conservation,
4 environmental protection, and safe drinking water
5 projects; and

6 (2) Whether the Hawaii State Constitution permits the
7 counties to use tax increment financing.

8 SECTION 2. (a) There is established within the department
9 of the attorney general for administrative purposes a working
10 group to assess the use of tax increment financing by the
11 counties to fund incentives for the development of water-related
12 infrastructure projects and other projects to protect water
13 resources in the State.

14 (b) The working group shall consist of the following
15 individuals or their designees:

16 (1) The attorney general;

17 (2) The director of finance;

18 (3) The chairperson of the board of land and natural
19 resources;

20 (4) The director of health;

21 (5) The executive director of the land use commission; and



1 (6) The mayors of each county of the State.

2 (c) No later than twenty days prior to the convening of
3 the regular session of 2019, the working group shall submit a
4 report to the legislature on:

5 (1) The viability of using tax increment financing as a
6 means to incentivize developers to construct necessary
7 water-related infrastructure projects and other
8 projects, including projects that protect drinking
9 water and watersheds, prevent water pollution, promote
10 cesspool conversion, and otherwise prevent events that
11 may adversely impact water quality;

12 (2) Whether article VII, section 12 of the Hawaii State
13 Constitution empowers the legislature to authorize the
14 counties to establish tax increment financing through
15 statute;

16 (3) Findings and recommendations; and

17 (4) Any proposed legislation to address any
18 recommendations made by the working group.

19 (d) The working group shall cease to exist on June 30,
20 2019.

21 SECTION 3. This Act shall take effect upon its approval.



Report Title:

Water; Tax Increment Financing; Land Use Commission; Attorney General; Working Group; Counties

Description:

Establishes a working group within the department of the attorney general to assess the viability and constitutionality of using tax increment financing on the county level as a means of incentivizing water-related infrastructure projects and other projects to protect water resources in the State. (SD1)

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