

STAND. COM. REP. NO.

3188

Honolulu, Hawaii

MAR 23 2018

RE: H.B. No. 2073
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 2073, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO URBAN REDEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Kanoelehua Industrial Area and Banyan Drive region as a redevelopment district until June 30, 2028;
- (2) Authorize a local redevelopment agency to contract with a developer for construction of non-residential uses on public land within the redevelopment district consisting of the Kanoelehua Industrial Area and Banyan Drive region; and
- (3) Exempt gross income received for the construction of works or improvements of a redevelopment project from the general excise tax and use tax.

Your Committee received testimony in support of this measure from the Office of the Mayor of the County of Hawai'i and one individual. Your Committee received testimony in opposition to this measure from the Department of Land and Natural Resources.



Your Committee received comments on this measure from the Department of the Attorney General and Department of Taxation.

Your Committee finds that chapter 53, Hawaii Revised Statutes, authorizes a county council to create a local redevelopment agency for the county to undertake and carry out urban renewal projects and related activities authorized by law. This measure would provide redevelopment agencies the authority, subject to prior approvals by the applicable county, Governor, and Legislature, to negotiate a development agreement with a developer for commercial, business, or hotel or resort uses on public lands within a redevelopment district consisting of the Kanoelehua Industrial Area and Banyan Drive region.

Your Committee notes that this measure also exempts gross income from the construction of works or improvements of a redevelopment project from the general excise tax and use tax. Your Committee has concerns regarding the feasibility of exempting such projects and believes that other financial incentives may be provided to encourage redevelopment projects.

Accordingly, your Committee has amended this measure by:

- (1) Removing language that exempts gross income from the construction of works or improvements of a redevelopment project from the general excise tax and use tax; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee further notes the concerns raised in testimony submitted by the Department of the Attorney General that the creation of a pilot redevelopment project for lands only within the Kanoelehua Industrial Area and Banyan Drive region may be deemed to be special legislation and therefore may violate article XI, section 5, of the Hawaii State Constitution. Your Committee believes that this issue merits further discussion as this measure moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2073, H.D. 1, as amended herein, and recommends that it pass



Second Reading in the form attached hereto as H.B. No. 2073,
H.D. 1, S.D. 1, and be referred to your Committee on Ways and
Means.

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

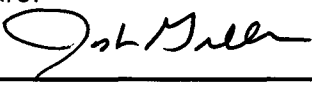
Will Espero

WILL ESPERO, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* HB 2073, HD 1	Committee Referral: HOU, WAM	Date: 3/20/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
ESPERO, Will (C)	✓			
HARIMOTO, Breene (VC)				✓
GREEN, Josh	✓			
KAHELE, Kaiali'i				✓
NISHIHARA, Clarence K.	✓			
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes