

Honolulu, Hawaii
FEB 18 , 2022

RE: H.B. No. 2085

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2085 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII CONSTITUTION TO EXPRESSLY PROVIDE THAT THE LEGISLATURE MAY AUTHORIZE THE COUNTIES TO ISSUE TAX INCREMENT BONDS AND TO EXCLUDE TAX INCREMENT BONDS FROM DETERMINATIONS OF THE FUNDED DEBT OF THE COUNTIES,"

begs leave to report as follows:

The purpose of this measure is to propose amendments to the Hawaii State Constitution to expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue tax increment bonds and to exclude tax increment bonds in calculating the debt limit of the political subdivisions.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and Office of Planning and Sustainable Development. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that although existing law permits a county council to provide for tax increment financing, tax increment bonds do not neatly fit within the types of bonds that counties may issue under the Hawaii State Constitution. Your

Committee further finds that tax increment financing is a value capture financing tool which is successfully and widely used in other states. This measure will allow counties to issue tax increments bonds that may be used for costly infrastructure upgrades without affecting the debt limit of the counties.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2085 and recommends that it pass Second Reading and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



MARK M. NAKASHIMA, Chair



State of Hawaii
House of Representatives
The Thirty-first Legislature

HSCR 631-22

Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 2085	Committee Referral: JHA, FIN	Date: 2-16-22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	✓			
2. MATAYOSHI, Scot Z. (VC)	✓			
3. ICHIYAMA, Linda	✓			
4. KOBAYASHI, Dale T.	✓			
5. LoPRESTI, Matthew S.	✓			
6. LOWEN, Nicole E.				✓
7. McKELVEY, Angus L.K.	✓			
8. NAKAMURA, Nadine K.	✓			
9. TAKUMI, Roy M.	✓			
10. TODD, Chris				
11. TOKIOKA, James Kunane				✓
12. WARD, Gene		✓		
TOTAL (12)	8	1	2	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
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