

STAND. COM. REP. NO. 3391

Honolulu, Hawaii

MAR 24 2022

RE: H.B. No. 2085

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Government Operations and Judiciary, 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,"

beg leave to report as follows:

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

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Office of Planning and Sustainable Development; Department of Planning and Permitting of the City and County of Honolulu; Hawaii Interagency Council for Transit-Oriented Development; Hawaii Community Development Authority; and NAIOP Hawaii. Your Committees received testimony in opposition to this measure from one individual. Your Committees received comments on this measure from the Tax Foundation of Hawaii.

Your Committees find that having various means of funding capital improvements benefits the State. A diverse financial



toolkit builds vibrant and resilient communities. Your Committees further find that a lack of clarity in existing law has clouded the potential of tax increment financing, which is a method of capturing value generated from rising real property tax assessments. Accordingly, this measure will benefit the State and its residents, and promote investment in vital community infrastructure, by authorizing the use of tax increment financing.

As affirmed by the records of votes of the members of your Committees on Government Operations and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2085, and recommend that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Government
Operations and Judiciary,



KARL RHOADS, Chair



SHARON MORIWAKI, Chair



