

STAND. COM. REP. NO. **2317**

Honolulu, Hawaii

FEB 15 2022

RE: S.B. No. 2406
S.D. 1

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

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2406 entitled:

"A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS,"

begs leave to report as follows:

The purpose and intent of this measure is to define the term "public interest" with regard to the issuance of special purpose revenue bonds.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the issuance of special purpose revenue bonds provides investors in private capital improvement projects with tax exemptions when those projects are in the public interest. However, the term "public interest" is ill-defined, leading to situations where these valuable tax exemptions, which decrease the State's tax base, are given to projects that are primarily or purely in the interest of private entities without clear public benefit. Your Committee further finds that the creation of jobs alone does not sufficiently satisfy the public interest requirement of special purpose revenue bonds, especially when those jobs may not provide a living wage in Hawai'i. This measure makes it clear that in order for a special purpose revenue



bond to be issued, the benefit provided to society as a whole must extend beyond the mere creation of jobs.

Your Committee has amended this measure by inserting an effective date of July 30, 2075, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2406, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2406, S.D. 1, and be referred to your Committee on Ways and Means.

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



KARL RHOADS, Chair



