

STAND. COM. REP. NO.

2297

Honolulu, Hawaii

FEB 13 2024

RE: S.B. No. 3008  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 3008 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 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, such as 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 Office of Planning and Sustainable Development; Hawai'i Interagency Council for Transit-Oriented Development; Stadium Authority; Office of Housing of the City and County of Honolulu; one member of the Honolulu City Council; NAIOP Hawaii; Stanford Carr Development, LLC; and Move Oahu Forward.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.



Your Committee finds that tax increment financing has been widely used in other states to capture the increased property values in dense, mixed-use transit-oriented development. However, while tax increment bonds are authorized under chapter 46, Hawaii Revised Statutes, counties have been reluctant to use tax increment bonds as a financing tool because of uncertainty in the allowance of its use under the Hawaii State Constitution. This measure will clarify the allowance of tax increment bonds as a financing tool by political subdivisions, such as counties.

Your Committee has amended this measure by amending the definition of the term "tax increment bonds" to clarify that the bonds are payable from and secured solely by the amount of real property taxes levied and collected by a political subdivision on the difference between the assessed value of the taxable real property located within a tax increment district in a given year and the assessed value of the taxable real property in the tax increment district during the year the tax increment district was created.

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. 3008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3008, 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,



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KARL RHOADS, Chair



