

STAND. COM. REP. NO. 2794

Honolulu, Hawaii

FEB 29 2024

RE: S.B. No. 3008  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3008, S.D. 1, 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 that authorize the use of tax increment bonds.

Specifically, the measure proposes state constitutional amendments that:

- (1) Expressly provide that the Legislature may authorize political subdivisions, such as the counties, to issue tax increment bonds; and
- (2) Exclude tax increment bonds from determinations of the funded debt of the political subdivisions.

Your Committee received written comments in support of this measure from the Office of Planning and Sustainable Development, Stadium Authority, Move Oahu Forward, and NAIOP Hawaii Chapter.



Your Committee received written comments in opposition to this measure from one individual.

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

Your Committee finds that tax increment financing is a financing method in which a portion of property taxes in excess of a base assessed value is dedicated to fund the costs of a project through the issuance of bonds. Your Committee further finds that capital raised using tax increment bonds may be used to fund a variety of projects, including regional public infrastructure and transit-oriented development projects.


Your Committee has amended this measure by:

- (1) Amending the definition of "tax increment bonds" to mean all bonds, the principal and interest on which are in fact payable from and secured 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 in a tax increment district in:
  - (A) A given year; and
  - (B) The fiscal year prior to the creation of the tax increment district;
- (2) Clarifying, in the constitutional ratification question, that the tax increment district is established by the political subdivision; and
- (3) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3008, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3008, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
DONOVAN M. DELA CRUZ, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB300B SD1</b>	Committee Referral: <b>JDC, WAM</b>	Date: <b>2/22/2024</b>
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The Committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312    
  Pass, with amendments 2311    
 Hold 2310    
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
HASHIMOTO, Troy N.	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>

Recommendation:  Adopted      Not Adopted

Chair's or Designee's Signature: \_\_\_\_\_

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**\*Only one measure per Record of Votes**