

STAND. COM. REP. NO.

1335

Honolulu, Hawaii

, 2023

**MAR 20**

RE: S.B. No. 1295  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 1295, S.D. 2, 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 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 Department of Business, Economic Development, and Tourism; Department of Transportation; Office of Planning and Sustainable Development; and Hawai'i Community Development Authority. Your Committee received comments on this measure from the Department of the Attorney General, Tax Foundation of Hawaii, and Grassroot Institute of Hawaii.

2023-2562 SB1295 HD1 HSCR HMSO




Your Committee finds that tax increment financing allows a portion of property taxes in excess of a base assessed value to be dedicated to finance the costs of a project through the issuance of bonds. Although statutory law permits the counties to provide for tax increment financing and issue tax increment bonds, tax increment bonds are not clearly listed in the types of bonds that the counties may issue under the Hawaii State Constitution. This measure would clearly authorize this method of financing for public works, public improvements, and other actions by the counties within the tax increment districts.

Your Committee has amended this measure by:

- (1) Clarifying the question to be printed on the ballot to provide greater context to the electorate of the constitutional amendments; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 1295, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1295, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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



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DAVID A. TARNAS, Chair



