

STAND. COM. REP. NO.

2526

Honolulu, Hawaii

FEB 12 2020

RE: S.B. No. 2054
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 2054 entitled:

"A BILL FOR AN ACT RELATING TO INFRASTRUCTURE IMPROVEMENT
DISTRICTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an annual surcharge on property taxes on parcels within an infrastructure improvement district that are sold or developed after an appropriation is made to improve the infrastructure;
- (2) Authorize the counties to retain a portion of the surcharge for administrative expenses; and
- (3) Exempt from the surcharge parcels that do not change ownership.

Your Committee received testimony in opposition to this measure from one member of the Maui County Council and Hawaii Association of Realtors. Your Committee received comments on this measure from the Department of Taxation, Office of Planning, and Tax Foundation of Hawaii.



Your Committee finds that insufficient infrastructure is a contributing factor to the lack of affordable housing in Hawaii. Currently, developers are required to fund necessary infrastructure improvements, which has led to delays in construction and the development of expensive housing. Your Committee further finds that there are jurisdictions that fund infrastructure improvements through real property taxes. This measure will authorize the Legislature, upon ratification of a constitutional amendment, to establish a surcharge on taxation of certain property within an infrastructure improvement district to offset some cost for developers to provide more housing in the State.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2054, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2054, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,




GLENN WAKAI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

| | | | | |
|---|--|--|---------------------|----------------|
| Bill / Resolution No.:* SB 2054 | Committee Referral: EET, WAM | Date: 2/3/2020 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: | | | | |
| <input checked="" type="checkbox"/> Pass, unamended 2312 | <input checked="" type="checkbox"/> Pass, with amendments 2311 | <input type="checkbox"/> Hold 2310 | | |
| <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| WAKAI, Glenn (C) | / | | | |
| TANIGUCHI, Brian T. (VC) | / | | | / |
| INOUYE, Lorraine R. | / | | | |
| KEOHOKALOLE, Jarrett | / | | | |
| FEVELLA, Kurt | | | | / |
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| TOTAL | 3 | 0 | 0 | 2 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted | | | | |
| <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature:  | | | | |
| Distribution: | | | | |
| Original | Yellow | Pink | Goldenrod | |
| File with Committee Report | Clerk's Office | Drafting Agency | Committee File Copy | |

*Only one measure per Record of Votes