REPORT OF THE COMMITTEE ON BUDGET

Voting Members:
Tyler Dos Santos-Tam, Chair; Scott Y. Nishimoto, Vice Chair;
Radiant Cordero, Esther Kiaʻāina, Matt Weyer

Committee Meeting Held
March 4, 2025

Honorable Tommy Waters
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Resolution 25-56 entitled:

"RESOLUTION ESTABLISHING A TAX INCREMENT FINANCING PERMITTED INTERACTION GROUP TO DISCUSS AND EXPLORE THE CITY'S POTENTIAL USE OF TAX INCREMENT FINANCING,"

introduced on February 10, 2025, reports as follows:

The purpose of the resolution is to establish a Real Property Taxation Permitted Interaction Group ("PIG") to discuss and explore the City's potential use of tax increment financing.

The Deputy Director of Budget and Fiscal Services provided comments in support.

One individual provided comments in support.

Your Committee considered and approved a verbal CD1 version that makes the following amendments: In the BE IT RESOLVED clause, substitutes the following names and designations for the membership blanks: Councilmembers Radiant Cordero, Tyler Dos Santos-Tam, and Scott Nishimoto; one member designated by the Department of Budget and Fiscal Services; one member designated by the Department of Planning and Permitting; and one member designated by the University of Hawaii Economic Research Organization ("UHERO").

ADOPTED ON MAR 19 2025

COMMITTEE REPORT NO. 71

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:
Tyler Dos Santos-Tam, Chair; Scott Y. Nishimoto, Vice Chair;
Radiant Cordero, Esther Kia'āina, Matt Weyer

Your Committee on Budget is in accord with the intent and purpose of Resolution 25-56, as amended herein, and recommends its adoption in the form attached hereto as Resolution 25-56, CD1. (Ayes: Cordero, Dos Santos-Tam, Kia'āina, Nishimoto, Weyer – 5; Noes: None.)

Respectfully submitted,

Committee Chair

HONOLULU CITY COUNCIL
Ke Kanihela o ke Kalana o Honolulu
CITY AND COUNTY OF HONOLULU

ADOPTED ON MAR 19 2025

COMMITTEE REPORT NO. 71

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. **25-56, CD1**

RESOLUTION

ESTABLISHING A PERMITTED INTERACTION GROUP TO DISCUSS AND EXPLORE THE POTENTIAL USE OF TAX INCREMENT FINANCING BY THE CITY AND COUNTY OF HONOLULU.

WHEREAS, tax increment financing ("TIF") is a public financing method that uses future real property tax increases (known as "tax increments") to fund community improvement projects; and

WHEREAS, TIF has been utilized successfully in states such as California, Colorado, and Illinois to revitalize underserved or blighted areas and to attract private investment; and

WHEREAS, Chapter 46, Part VI ("Tax Increment Financing") of the Hawaii Revised Statutes ("HRS"), authorizes the City Council ("Council") to provide for the use of TIF for public improvement projects by approving a TIF plan and adopting an ordinance establishing the tax increment district, its boundaries, funding, and termination date; and

WHEREAS, once a tax increment district is established, increases in tax revenue resulting from higher real property assessments and real property taxes generated from the assessment base are used to pay the principal and interest on the tax increment bonds, any project cost approved by the county, and an adjustment amount to the county general fund, with any remaining amounts deposited into the tax increment fund established for the tax increment district in accordance with HRS Section 46-105; and

WHEREAS, HRS Section 92-2.5 permits the Council to assign two or more, but fewer than five, Councilmembers to investigate matters relating to the business of the Council, without the interactions of the Councilmembers in the course of the investigation being considered a "meeting," under HRS Chapter 92, Part I; provided that:

1. The scope of the investigation and the scope of each member's authority are defined at a meeting of the Council;

2. All resulting findings and recommendations are presented to the Council at a meeting of the Council; and

3. Deliberation and decision-making on the matter investigated, if any, occur only at a duly noticed meeting of the Council held no less than six business days after the meeting at which the findings and recommendations of the investigation were presented to the Council; and

WHEREAS, the Council desires to establish a permitted interaction group to discuss and explore the City's potential use of tax increment financing; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that a Real Property Taxation Permitted Interaction Group, composed of: Councilmembers Radiant Cordero, Tyler Dos Santos-Tam, and Scott Nishimoto; one member designated by the Department of Budget and Fiscal Services; one member designated by the Department of Planning and Permitting; and one member designated by the University of Hawai'i Economic Research Organization ("UHERO"), is hereby established and authorized to discuss and explore the City's potential use of tax increment financing; and

BE IT FURTHER RESOLVED that no member of the permitted interaction group may, during the investigation, make any binding commitment or create any obligation on behalf of the group, the Council, or the City; and

HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

CITY AND COUNTY OF HONOLULU

No. **25-56, CD1**

RESOLUTION

BE IT FINALLY RESOLVED that the permitted interaction group shall present a written report to the Council of its findings and recommendations at a Council meeting pursuant to HRS Section 92-2.5(b)(1)(C), that the Council will not be able to act upon the report until a subsequent Council meeting, held no less than six business days after the meeting at which the permitted interaction group presented its findings and recommendations of the investigation, and that upon the permitted interaction group's submission of the report to the Council, the group will be dissolved.

INTRODUCED BY:

Radiant Cordero

Tyler Dos Santos-Tam

DATE OF INTRODUCTION:

February 10, 2025
Honolulu, Hawai'i

Councilmembers

Report Title:
Permitted Interaction Group ("PIG"); Tax Increment Financing ("TIF"); Investigation; Tax Increment Bonds; Financing; Bonds; Real Property Tax; Public Infrastructure; University of Hawai'i Economic Research Organization ("UHERO"); Hawaii

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.