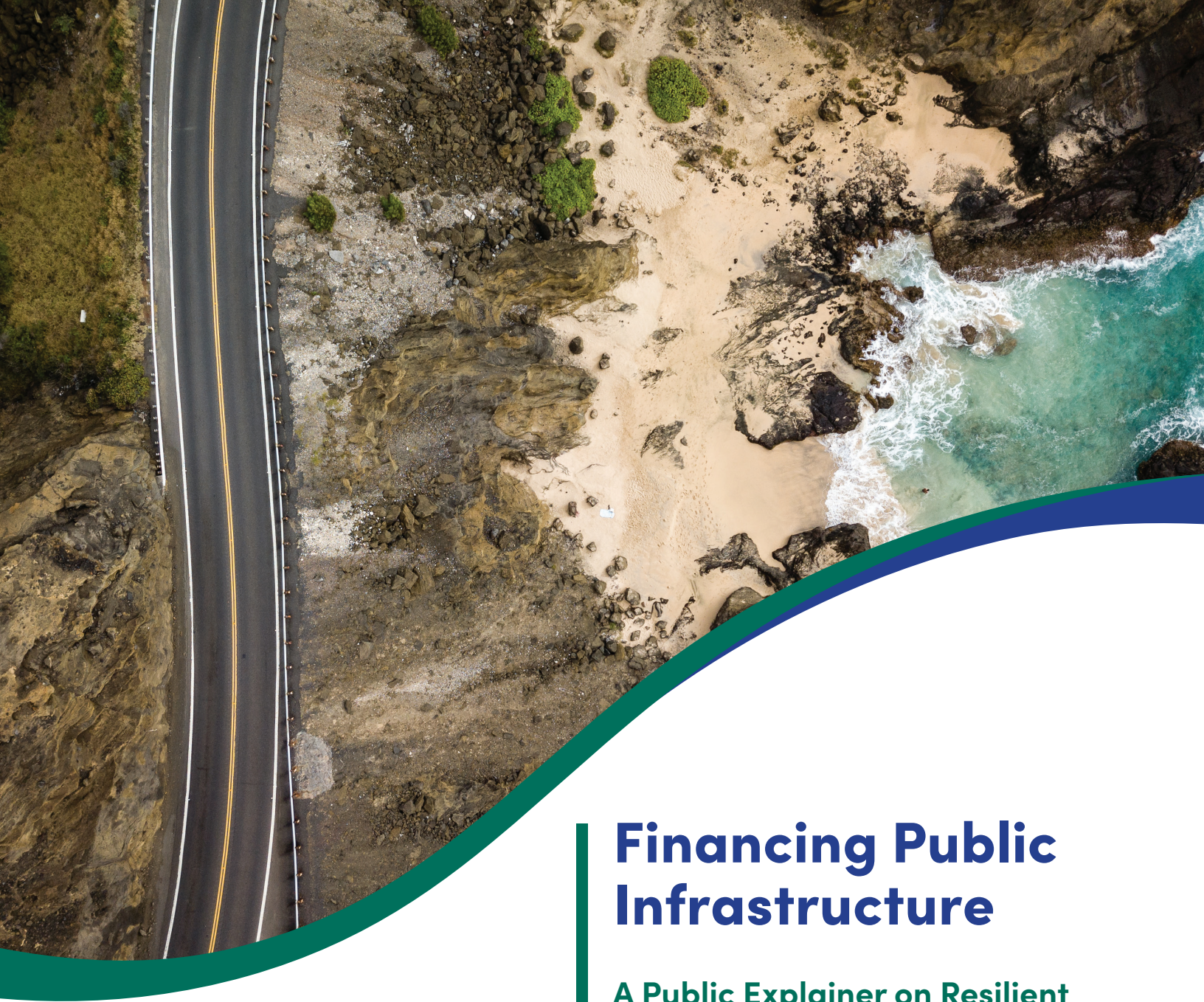




Financing Public Infrastructure

A Public Explainer on Resilient Infrastructure for Shelter and Equity (RISE) Bonds

August 2026

A Hawai'i Institute for Public Affairs (HIPA) Infrastructure Series Brief, prepared ahead of the November 2026 ballot question.



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Publication Note:

This HIPA project is made up of two publications. The first document, "Financing Public Infrastructure: A Public Explainer on Resilient Infrastructure for Shelter and Equity (RISE) Bonds," is an independent public explainer on RISE Bonds, developed by HIPA for the benefit of Hawaii residents seeking to understand this issue.

There is an accompanying technical memorandum, "Evaluation of Hawai'i's Resilient Infrastructure for Shelter and Equity ("RISE") Bonds A Tax Increment Financing Mechanism: Opportunities, Limitations, and County Safeguards," prepared by HIPA and Fieldman, a licensed municipal advisory firm, evaluating RISE bonds as an infrastructure financing tool. The findings of this technical memorandum were used to inform the content of the explainer document.

HIPA and Fieldman do not take a position related to the November 3rd, 2026 constitutional question.



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Key Takeaways

What to know about RISE Bonds and the November 2026 ballot question

1 THE VOTE



On November 3, 2026, Hawai'i voters will decide whether to let counties issue RISE bonds. This is a constitutional amendment proposed by Senate Bill 3219. Yes votes must outnumber both no and blank votes.

2 HOW IT WORKS



RISE bonds are a form of value capture financing. They borrow against the future growth in a designated district's property tax revenue to pay for the underlying infrastructure today.

3 NO NEW TAX RATE



They do not create a new tax or raise any tax rate. RISE bonds redirect future growth measured from existing property tax revenue within a defined district.

4 DOES NOT COUNT TO COUNTY DEBT LIMITS



Senate Bill 3218, signed into law as Act 31 in May 2026, already changed the state debt-limit statute to allow this. However, it only takes legal effect if the constitutional amendment passes.

5 NOT A NEW IDEA



This isn't a new idea. HIPA's own 2014 infrastructure report first flagged this exact legal gap, and the state's planning office studied this form of financing in detail before this legislation was introduced. It is used widely as a tool on the mainland.

6 REAL RISK



The tool, like any form of public financing, carries real risk. Repayment depends on projected development growth actually materializing; Hawai'i's own planners have flagged this directly, and mainland experience shows tax-increment financing can underperform without strong safeguards.

7 WHAT A "YES" VOTE MEANS



A "yes" vote grants authority to use this tool. However, a vote in favor of the amendment does not create any district or settle the accountability and oversight rules the amendment calls for. Those could come later through additional legislation at the state or county levels along with the opportunity to put in place specific safeguards that can mitigate some common concerns.

This primer explains the mechanism; it does not take a position on the ballot question.

Executive Summary

On November 3, 2026, the voters of the State of Hawai'i will face a single constitutional question. It will concern whether they permit Hawai'i's counties to use a financial tool known as Resilient Infrastructure for Shelter and Equity (RISE) Bonds.

The 2026 Legislature of the State of Hawai'i, through Senate Bill 3218 (Act 31, SLH 2026) and Senate Bill 3219, found it necessary to pose this question to the voters, in part due to the severe infrastructure constraints facing our county governments. The issuance of RISE Bonds follows a process. Counties will form a 'district' and affix that designated district's assessed value. They will use RISE Bonds to project the 'increase' in future tax revenues predicated on the development that takes shape following the necessary infrastructure improvements.

County governments need infrastructure to support the development and maintenance of roads and other transportation networks, water and sewer systems, commercial spaces, and even new housing. Such infrastructure is expensive, and county budgets (alongside their debt limits) leave little room for county governments to plan for the burden of these costs.

In 2010, the Hawai'i Institute for Public Affairs (HIPA) identified \$14.3 billion in needed capital improvement projects statewide over just a six-year window.¹ In 2014, HIPA observed that a form of financing like RISE bonds, while possible, could require a constitutional amendment before counties could utilize it.² In the meantime, the State of Hawai'i Office of Planning and Sustainable Development (OPSD) studied the same question in detail as part of its transit-oriented development (TOD) research.³

This constitutional question vote, if approved, will clarify and resolve those issues, making RISE Bonds accessible to support the development of public infrastructure.

The repayment of RISE Bonds, however, depends on whether or not projected growth actually materializes. While supporters see RISE bonds as a mechanism for unlocking infrastructure investment that supports future housing opportunities and commercial development without raising taxes, detractors point out potential risks. In the Continental United States, county governments that have pursued similar financing mechanisms have found it can both facilitate development or underperform as a financing tool due to project-specific issues, market risks in the property sector, and poor oversight.⁴ Specific opportunities to mitigate these concerns are presented later in this document.

This brief explains RISE bonds, the background of the concept, key vocabulary concerning RISE financing and the process for how RISE districts are formed and addresses key questions about risks and safeguards for managing RISE bonds. It also addresses what the November ballot will ask. At the end of this brief, a glossary compiles key terms as one quick reference.

This brief takes no position on the ballot question. HIPA is Hawai'i's first non-profit, non-partisan, and independent research organization. Our mission is to provide research, analysis, and (where appropriate) recommendations on public policy issues facing Hawai'i and its people. This explainer uses plain language to explain what RISE bonds are, how they could work in Hawai'i, and the significance of a vote in favor or against this proposed constitutional amendment.

¹Hawai'i Institute for Public Affairs (HIPA), Report on the State of Physical Infrastructure in Hawaii (Phase I), July 2010, https://drive.google.com/file/d/1Se_Tnrhcokhx0SY7qqUh8_PNFqYQTWFW/view.

²Hawai'i Institute for Public Affairs (HIPA) and R.M. Towill Corporation, Report on the State of Physical Infrastructure in Hawaii, Phase II, June 2014, Section VI, "Alternative Funding Methods," https://drive.google.com/file/d/15hcAwfHWXbLruMM5Jb0JT7QUp8N_SyYY/view.

³Hawai'i Office of Planning and Sustainable Development (OPSD), Deliverable 2: Shortlist of Available Funding, Financing, and Delivery Options, March 29, 2023, https://files.hawaii.gov/dbedt/op/lud/02PROJ/OPSDTODInfra_2022/2.Deliverable2_20230329_HITODInfraFin_ShortlistofOptions.pdf.

⁴Lincoln Institute of Land Policy, "Why Tax Increment Financing Often Fails and How Communities Can Do Better," <https://www.lincolninst.edu/publications/articles/why-tax-increment-financing-often-fails-how-communities-can-do-better/>.



Introduction

On November 3, 2026, the voters of Hawai‘i will decide whether or not to amend the Constitution of the State of Hawai‘i. They will be presented with the following ballot question:

“Shall the Hawaii State Constitution be amended to direct the legislature to authorize the counties to issue resilient infrastructure for shelter and equity bonds to fund public improvements in designated districts, repaid solely by future growth in property tax revenues within those districts, not by increasing real property tax rates, where such bonds are excluded from the counties’ debt limit and are subject to accountability and oversight requirements as may be provided by law?”⁵

Senate Bill 3219, which passed this past legislative session, facilitated the opportunity to amend Article VII, section 12, of the Constitution of the State of Hawai‘i. No governor or legislature can amend the Constitution without approval from the voters of the State of Hawai‘i.

RISE bonds, with proper safeguards at the county level, could be an additional financing tool for county governments to invest in infrastructure in the face of constrained financing capabilities and spiraling infrastructure costs due to the lack of residential housing, aging infrastructure (roads, dams, etc.), the threats of climate change, and other factors.

This brief breaks down RISE bonds, the origins of the concept, key vocabulary concerning RISE financing, the process for how RISE districts are formed, addresses key questions about risks and safeguards for managing RISE bonds, and explains what the November ballot will ask. At the end of this brief, a glossary compiles key terms as one quick reference.

⁵Primary bill text available via the Hawai‘i State Legislature:

https://www.capitol.hawaii.gov/session/measure_indiv.aspx?billtype=SB&billnumber=3219&year=2026.



Explaining RISE Bonds

RISE (Resilient Infrastructure for Shelter and Equity) bonds are a form of tax-increment financing (TIF), a “value-capture” tool. RISE bonds function by borrowing money (through the issuance of a bond) to fund public infrastructure in an area. This infrastructure improves existing capabilities and enables new developments, turning something like an empty field into a parcel that is capable of hosting housing or other buildings. The bonds are then paid back over time through the increase in property tax revenue generated from the new development. The property tax revenue is augmented by increases in property value assessments due to development. No new (or larger) taxes are required during this process.

Necessary upgrades to public infrastructure like water, sewer, and other essentials are often needed before development like affordable housing or commercial properties can proceed. However, funding for public infrastructure is often delayed due to a lack of ability to fund it through traditional means like normal county debt (which is capped by Hawaii’s constitution). New property tax revenues from development can be pledged to pay off debt taken on, offering a new vehicle to complement inflexibility or weaknesses in traditional funding sources.

The fundamentals behind RISE bonds are not new to the US. Hawaii is behind in adopting and utilizing this tool compared to other communities. Beginning in the 1950s, the State of California began to experiment with this form of financing in order to finance infrastructure development.⁶ By 2026, forty-eight of fifty states in the United States utilized some form of this financing, the exceptions being Hawaii and Arizona. These mechanisms are a common tool used for financially large development efforts such as pollution remediation, community development, or stadium districts. Most recently, efforts have been underway in the State of Colorado to create Transit and Housing Investment Zones to use this form of financing to build more infrastructure for housing near transit systems, something that might benefit development along Honolulu’s Skyline and well-utilized bus routes statewide.⁷

⁶Lincoln Institute of Land Policy, “Why Tax Increment Financing Often Fails.”

⁷Colorado General Assembly, HB26-1065: Transit and Housing Investment Zones (2026), <https://leg.colorado.gov/bills/HB26-1065>.

Explaining RISE Bonds (cont.)

RISE Bonds are not recommended as a sole financing source. This is because there is typically a long delay between when funding for infrastructure is initially needed in order to begin infrastructure improvements and when those improvements are completed (and development occurs). This delay is due to regular construction timelines and can be extended due to permitting and other delays. Both the infrastructure improvements being completed and development occurring are typically needed to see meaningful increases in property values, which create the opportunities for vehicles like RISE Bonds to work.

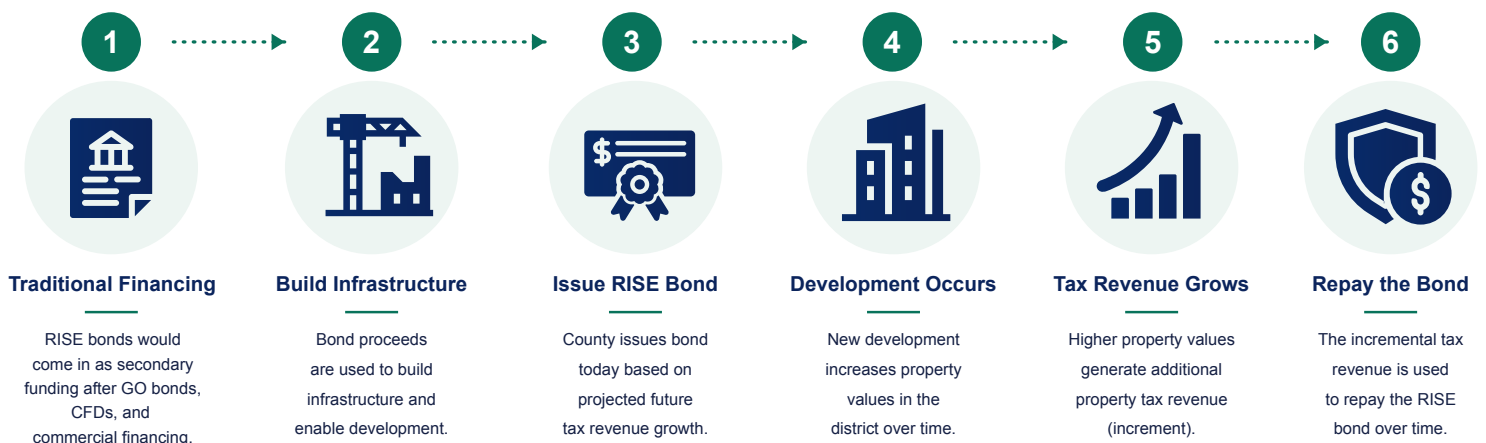
Because of this, they often are issued alongside existing financial tools that state and county governments use to support a community's infrastructure needs. If approved, RISE bonds could be issued in conjunction with funding vehicles such as (1) general obligation (GO) bonds, backed by the county's full taxing power and counted against the debt limit; (2) traditional revenue bonds, repaid from a specific revenue source like water or sewer fees; (3) special assessment or community facilities districts (CFDs), where property owners within a defined area pay an added assessment to fund local improvements;⁸ and (4) developer impact fees, charges to new construction projects that offset the cost of infrastructure they require.

RISE bonds are narrower than all of these other financing mechanisms: they can only be repaid from the growth in property tax revenue inside a defined district, not from a broader fee, assessment, or general tax base. Furthermore, legislation dictates that they can only be triggered once a county council determines that a CFD or another financing option (like a district supported by the Hawai'i Community Development Authority) has been exhausted.

A 2023 analysis by the State of Hawai'i finds that CFDs and Special Improvement Districts (SIDs) are more feasible than RISE bonds, in large part because they are constitutional and they immediately generate tax revenue upon formation (rather than waiting for property values to grow as new infrastructure emerges).⁹ The potential scope of RISE bonds, even if approved, will remain narrow because they can only be repaid from a growth in property tax revenue inside a defined district, in contrast with a special, additional assessment.

HOW RISE BONDS WORK

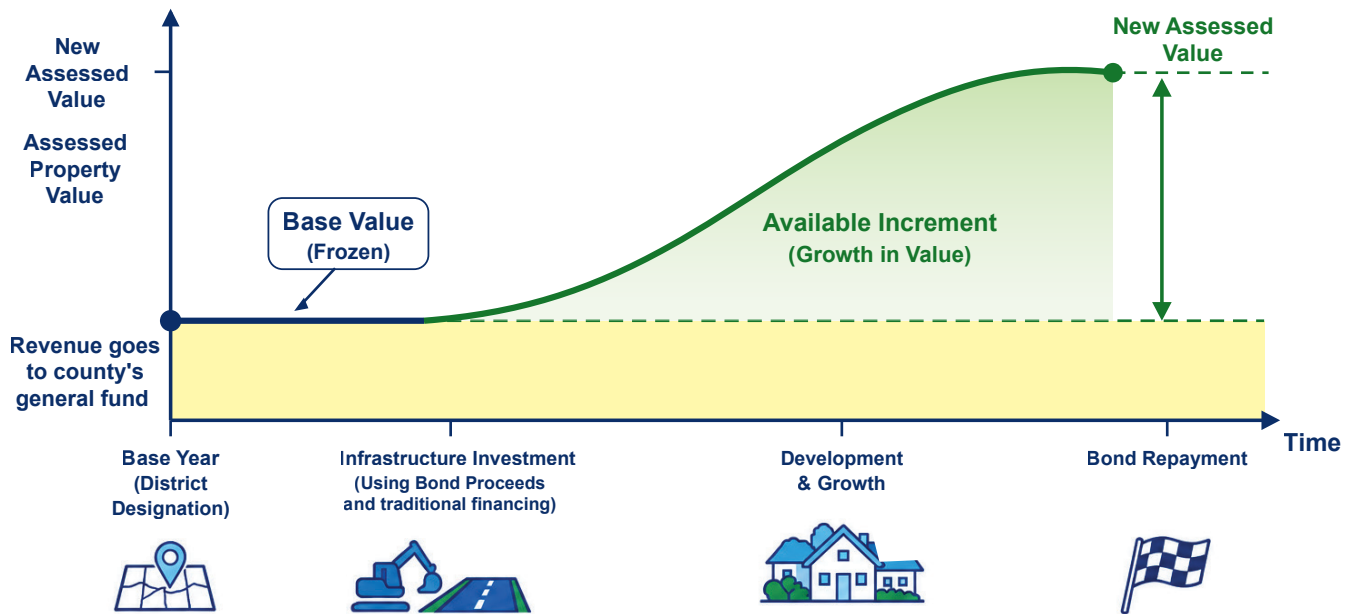
RISE (Resilient Infrastructure for Shelter and Equity) bonds are a form of tax-increment financing (TIF), a "value-capture" tool that borrows against tomorrow's tax growth to build today.



⁸Permitted under Hawai'i Revised Statute (HRS) §46-80.1

⁹OPSD, Deliverable 2: Shortlist of Available Funding, Financing, and Delivery Options (2023).

How RISE Bonds Work: Base Value vs. Increment Growth Over Time



How Would RISE Bonds Work?

Let's take a moment to visualize where RISE bonds could theoretically be positioned to support future growth in designated districts. Assuming approval from voters, such bonds may only be pursued as an option once a county government (through a county council) finds that there are not other financial tools better capable of supporting infrastructure investments in a given area.

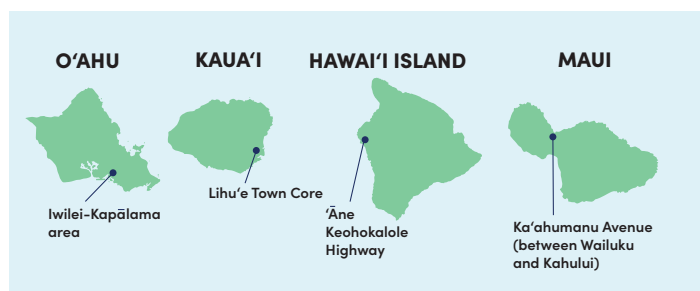
1. A RISE district is designated to fit within a certain geographic boundary. Such districts must satisfy certain criteria.
2. Property values inside the district are "frozen" at a base-year assessment.
3. Infrastructure is built (roads, water/sewer, housing-enabling improvements) using bond proceeds. New or upgraded infrastructure means more development is possible.
4. Development raises property values inside the district over time. This development is facilitated by infrastructure upgrades.
5. The increment generates additional property-tax revenue. This increment is set as the difference between the new assessed value and the frozen base value.
6. That incremental revenue (not the base-level tax revenue) is pledged to repay the bonds.
7. Bonds are repaid over the district's life (term length); the district will end through a pre-determined date set by the county council, this can be changed or extended opening the possibility for multiple financing rounds within a single district.



Where Could RISE Bonds Apply in Hawai‘i

RISE Bond sites are poised to be beneficial where there is existing interest in developing sites such as idle or underutilized land (such as parking lots or empty urban lots), undeveloped land, or waterfronts and harbors. As of this writing, there is at least one site in every county where RISE bonds could drive infrastructure developments along TOD-corridors.

Importantly, current laws limit the locations where RISE districts can be declared. On Oahu, this involves a state or county-designated TOD zones or within ½ mile of a transit center or bus stop. For the Neighbor Islands, this includes county-designated TOD zones, communities along major bus routes or within ½ mile of a bus stop.



OPSD has assessed ‘strong market’ areas that include the Iwilei-Kapālama area on O’ahu and the Āne Keohokalole Highway on Hawai‘i Island. For these two sites, present-value revenue potential reached \$1.26 billion and \$692 million, respectively.¹⁰ Alternative candidates from such investment could include Ka’ahumanu Avenue (between Wailuku and Kahului) and the Lihue town core on Kaua‘i. The strength and weakness of a given area are measured by where and how that area’s projected

growth compares to its ability to cover debt service. Where the scope of a project is more limited, the strength of the project is weaker.¹¹ Where the market is smaller and more subdued, the feasibility of RISE bonds may prove more challenging.

In January 2026, the State of Hawai‘i adopted the Dynamic Infrastructure Coordination and Executive (DICE) plan to coordinate infrastructure upgrades. At Pua Lane, such improvements will ultimately support 4,325 housing units; upgrades at Iwilei Kuwili will support 2,200. Such planning investments for infrastructure will total \$51 to \$57 million.¹² The fact that more than \$50 million in investment is required before the State can support the construction of 6,000 new housing units underscores the infrastructure barriers facing such projects across the islands.

The State of Colorado’s 2026 Transit and Housing Investment Zones Law (House Bill 26-1065) is comparable to present-day sites such as the Iwilei-Kapalama area on O’ahu, in that these zones aim to provide a financing structure similar to RISE bonds with the construction of housing near major transit sites. Similarly, the State of California’s Enhanced Infrastructure Financing Districts have utilized a similar arrangement to support these sites alongside major transit corridors.

¹⁰State TOD Infrastructure Finance and Delivery Strategy Report, Dec. 2023 — https://files.hawaii.gov/dbedt/op/lud/04Reports/TOD_InfraFin_Strategy_20231221.pdf

¹¹OPSD, Deliverable 2: Shortlist of Available Funding, Financing, and Delivery Options (2023).

¹²Hawai‘i Office of Planning and Sustainable Development (OPSD) TOD Council, Dynamic Infrastructure Coordination and Execution (DICE) Plan, presentation, January 16, 2026, <https://files.hawaii.gov/dbedt/op/lud/01TODCMTG/20260116/04-TODCouncil-DICEPlanPresentationJanuary2026.pdf>.

¹³Colorado General Assembly, HB26-1065 (2026).



Important Considerations

Does This Raise My Taxes?

No. This is a common point of confusion. RISE bonds do not create a new tax or increase tax rates. Instead of creating a new tax or increasing property tax rates, RISE Bonds instead finance infrastructure by promising future revenues from unrealized development to the entities (or individuals) who invest in RISE Bonds. The entities that purchase these bonds assume the risk, not the county (or the taxpayers). If a person's property lies within a designated district, then their tax rate and assessment will stay the same. Instead, new revenue now pays off the RISE Bond (instead of going to a county's general fund). This contrasts with a Special Improvement District (SID) or a Community Facilities District (CFD), which assess additional fees or taxes in addition to typical taxes.

Think of it this way. Imagine there is an empty parking lot and a local government wants to build housing on the lot. However, the local government does not have any revenue to finance its construction, and they don't have the means to take on any debt to finance the infrastructure's construction. If a county government designates that parking lot as a RISE district and new housing is constructed, a portion of the proceeds from the parcel's hypothetical tax revenue will be reserved and directed back to bondholders.¹⁴ In its most ideal use case, no development would be occurring were it not for the new financing capabilities unlocked through RISE bonds. Under the scenario where development occurs, revenue impacts to the county would be minimal despite redirecting new revenue to the bond payment. This is because the county would not be able to access this new tax revenue if development did not take place. However, if nothing is built (and the tax revenues for that parking lot stagnate and/or decline), then the county and its revenues will continue as is with no revenue increase.

According to projections outlined by OPSD, the life of a RISE bond will typically last fifteen to thirty years. During that period, the county does not receive the incremental revenue from within the district in the form of general revenue. Such revenue is directed, instead, towards servicing RISE bonds. This is potentially a problem, as new developments and communities may require more services from county government and can cause concern that the districts may pose a strain on a county's limited program resources. However, this risk can be managed adequately, as has been done on the mainland, primarily by counties ensuring they do not overuse RISE bonds.

¹⁴Hawai'i Office of Planning and Sustainable Development (OPSD), TOD Financing Toolkit, <https://planning.hawaii.gov/wp-content/uploads/TOD-Financing-Toolkit.pdf>.



Who's Involved in a RISE District's Formation?

Mostly the County. If Hawai'i's Constitution is amended to permit RISE Bonds, there will be immediate questions concerning the roles and responsibilities of particular stakeholders. Regarding roles and responsibilities, key questions include the following:

- **Who Designates a District?** A county government, following the criteria and procedures provided by state law (as framed in Act 31, SLH 2026), will designate a district through council vote..
- **Who Issues the Bonds?** Each county will need to establish their own separate process for issuing bonds, and ultimately counties issue RISE bonds using the underlying credit of the RISE district. The state, as of this writing, does not play a direct financing role through RISE bonds.
- **Who Repays RISE Bonds?** Once a district is established, bondholders will be repaid from only the district's pledged increment property tax revenue. The full faith, credit, and general taxation authority of the county is not committed to RISE Bonds because they are nothing more than a revenue pledge, not a general obligation (GO) bond. For this reason, RISE bonds can be excluded from the county's constitutional debt limits. County governments will not be required to intervene in the event of challenges with the projected revenues of a designated district.
- **Where do Bondholders and Investors Fit in this Picture?** Any investors who purchase RISE bonds are taking on the risks associated with any projects and/or infrastructure plans in a given district. There is an assumption that projected tax revenue growth will materialize on a schedule where they will not be left waiting for promised repayments. However, such repayments are not backed by the county's general credit, meaning that the county will not be required to intervene and provide repayments if such repayments do not materialize in a timely manner. Full details are provided in the technical memorandum.



County Debt-Limits

No. There are existing controls in the State of Hawai'i's Constitution concerning a county's general obligation debt. In Article VII, Section Thirteen, such debt shall not exceed fifteen percent of that county's total assessed real property values. By preventing counties from overleveraging their tax base to repay debts, such limits are crafted to protect the long-term fiscal viability of county governments and their credit ratings. In this context, the following factors would be modified by the approval of the RISE bonds as a financial option:

- **What Senate Bill 3219 Does:** This is the measure that, if approved, would give the State of Hawai'i (through the Legislature) the explicit permission to let counties issue RISE bonds, while also excluding such bonds from their constitutional debt limit. However, the Legislature may still intervene in the future to set accountability and/or oversight requirements through additional law.
- **Why This Distinction Matters:** A voter needs to understand that RISE bonds will not impact the constitutional debt limits of their county governments. RISE bonds are repaid from the pledged "incremental revenue" of a given district, meaning they do not impact the county's general credit (unlike a general obligation bond and more similar to a revenue bond). The majority of voters at the ballot box will need to vote "Yes" on the RISE bond question in order to authorize this new financing tool.

What If Growth Doesn't Happen?

It's fair to note that the expectations of a RISE bond financing program rest on the projections of an individual district's success. The pledged revenue that will service a RISE bond is predicated on the materialization of projected growth. What happens if development is slower than projected due to project delays, or a project faces delays with financing? When there is not enough revenue to make bond payments, what happens next?

Both HIPA's 2014 report and the research conducted by the OPSD from 2022–2023 identified this risk. Redirecting property tax revenue away from the county general fund may restrict the county's ability to fund basic services, such as police, firefighters, and parks. An economic down-turn may leave the tax-increment as a burden to a county government, especially if they assume the debt. This could damage the city's credit rating. In Hawai'i's case, already elevated property valuations, combined with the slow pace of construction, could leave the tool slower and more dependent on high growth compared to other jurisdictions.

The structure of how risk is borne by county governments and bondholders through future county regulations will determine the health of RISE bonds as a financing tool. While bondholders might directly hold the risk of a failed RISE bond project (since the county's general credit is not pledged), the project's failure (whether by default or shortfall) may still damage a county government's reputation with credit-rating agencies and investor sentiment, even if not directly used for county credit ratings. Furthermore, the cost of borrowing on future RISE bonds may increase due to the business atmosphere of such development in the county. This is treated in-depth in the accompanying technical memorandum.

Nationally, forms of tax-increment financing (TIF) across the United States have enjoyed a mixed track record. Research from the Lincoln Institute of Land Policy, for instance, finds that TIF districts may capture growth that would have been generated anyway (i.e., tax revenue generated by infrastructure improvements would have resulted regardless of TIF bonds). Furthermore, there are situations where oversight of these TIF districts is weak and/or not subject to any form of public accountability. Chicago has frequently leveraged TIF and is the clearest example of both an effective and simultaneously challenging value capture phenomenon.¹⁵

RISE districts are not immune to broader market-level risks, which might be unavoidable. For instance, after the Great Recession, many tax increment districts on the mainland failed due to the crashing of home prices. With depressed assessment values, there was no incremental property tax revenue to capture, and many of these districts defaulted. It should be noted that these revenue pressures would harm property tax revenues as a whole, putting traditional government bonds under pressure as well.

Other uncontrollable risks specific to real estate, like natural disasters, can also disrupt a RISE district, which has been seen related to wildfires in California, such as the Camp Fire in Paradise, CA.. However, depending on the disaster, if underlying infrastructure such as storm drainage, fire suppression systems, or localized hazard mitigation efforts were completed as a result of new infrastructure investment in the district, it is possible that improved properties due to RISE bonds may fare better in these uncontrollable situations than undeveloped or underinvested parcels. Property tax revenues for traditional bond financing face these risks, though there is more flexibility in the county's ability to handle the impact if an impact is localized to a specific area and not the county's entire tax base.

Several safeguards and best practices have been identified as means to stabilize RISE bonds as a financial mechanism alongside other options while ensuring they are not misused. These safeguards and best practices are detailed in the next section.

¹⁵Lincoln Institute of Land Policy, "Why Tax Increment Financing Often Fails"



Safeguards and Best Practices

A well-designed RISE bond program can provide for safeguards and best practices that mitigate many risks associated with failures on the mainland. Some of the potential best practices for managing RISE Bonds may include some of the following, which can be implemented through county enabling legislation:

- **A “but-for” test:** Instead of simply capturing economic growth that would have occurred anyway, does the district’s approval require showing that the development genuinely would not happen without RISE financing (or would lead to development that is too expensive)?
- **Net Fiscal Impact Findings:** Is there a fiscal requirement on the part of the counties to demonstrate that a proposed RISE district’s infrastructure won’t end up burdening other areas of the county, given that its incremental revenue will not be available to supplement the county’s general fund for the duration of the bond’s term? If a RISE district strains the resources of a county, but the county can’t access any of the RISE district’s benefits, then it may prove difficult to justify.
- **Dedicated Revenue Use:** When OPSD weighed a form of financing similar to RISE bonds, they recommended that a portion of the projected revenues be dedicated to a countywide affordable housing fund.¹⁷ Another option would be to dedicate only a portion of increment to bond payments, with a specified level augmenting county revenues-- this would reduce the risk that county services are underfunded. Will the enabling legislation eventually entertain a similar requirement? If so, will it impact the fiscal feasibility of a proposed district?
- **Reporting and Public Disclosure Requirements:** Will a district’s performance (collected revenue vs. projected revenue, outstanding project debts, or project status) be reported on a regular, public schedule? How might public attitude regarding such reports cause a county’s support for a project to ebb-and-flow over time?
- **Bundling Many Tools:** Another form of financing is known as Community Facilities Districts (CFDs), which function as special tax districts utilized to fund public infrastructure. CFDs, along with other forms of traditional county financing, could be paired with RISE bonds to reduce the risk of a budgetary shortfall in the early years of a project.
- **RISE District Sunset Provisions and Oversight:** How long will a district exist before it is dissolved, and will its dissolution be set to occur after a fixed term? Will oversight bodies exist at the state or local level to monitor RISE districts?
- **Independent Revenue and Growth Projections:** If a district is producing a financing plan, will growth projections be subject to review and/or production by an independent party? Will such responsibility fall only to a bond issuer and/or developer with a dedicated stake in a project’s future?

¹⁷OPSD, TOD Infrastructure Finance and Delivery Strategy (Deliverable 4, 2023).



Conclusion: What's Next?

What Does the Ballot Question Mean?

On November 3, 2026, voters will be asked whether or not Hawai'i's constitution should be amended to permit the State Legislature to authorize Hawai'i's four major counties to issue RISE bonds. There are two options.

 **YES VOTE** *Authorizes RISE Bonds*



A 'yes' vote will give the legislature and the counties the full authority to use this financial tool. However, no RISE districts will be created, nor will any specific project be approved, until counties establish systems for creating RISE districts. The state legislature may elect to further clarify the county's expectations.

 **NO VOTE OR BLANK VOTE** *RISE Bonds NOT Authorized*



A failed ballot question, 'no' and blank votes outnumbering 'yes' votes, means that Act 31, SLH 2026, will technically remain a law on the books. However, it will carry no force. Counties will not have the power to issue RISE bonds in this scenario. The Legislature, in the meantime, would entertain another constitutional amendment to authorize a similar form of financing in the future.

If counties elect to issue these bonds in designated districts, the bonds would fund public infrastructure in those designated districts. They would only be repaid from future growth collected from property tax revenue in those districts. This form of financing, for that reason, would not raise taxes. They are also excluded from a county's constitutional debt limit but will still remain subject to accountability and oversight rules. However, the success of a RISE bond issuance is contingent on growth within the actual district.

Full Glossary

- **RISE (Resilient Infrastructure for Shelter and Equity) bond:** A bond authorized under SB3218/ Act 31 and (if ratified) SB3219, repaid solely from future growth in property tax revenue within a designated district.
- **Tax-increment financing (TIF):** RISE bonds are a type of tax-increment financing tool, which borrows against a future increase in tax revenue caused by new development. Also known as value-capture financing.
- **District (increment district):** The geographic area designated as eligible for RISE financing.
- **Base value / base-year assessment:** A district's total assessed property value at the moment it's created, frozen for the purpose of calculating growth. Base-level tax revenue keeps flowing to the county's general fund as usual. However, the growth above this set line is what gets directed towards 'servicing,' or paying off RISE Bonds.
- **Tax increment:** This covers any property tax dollars actually collected because of a district's growth in value; this is the money that gets pledged to bondholders to repay RISE bonds.
- **Increment revenue / pledged revenue:** The tax revenue generated by the increment, pledged to repay RISE bonds.
- **Bond issuer:** The government entity authorized to sell the bonds; under current law, the county.
- **Coverage ratio:** The required cushion between increment revenue collected and debt service owed in a given year (for example, requiring revenue to be 1.25 times debt service). For more information on this concept, please see Section Nine.
- **General obligation (GO) bond:** A bond backed by a government's full taxing power and credit; counts against the constitutional debt limit.
- **Revenue bond:** A bond repaid from a specific, defined revenue source rather than general taxing power; RISE bonds are a form of this.
- **Community Facilities District (CFD):** A Hawai'i financing tool authorized under HRS §46-80.1 in which a special tax on property inside a district backs bonds for local improvements; often discussed as an alternative or complement to TIF/RISE.¹⁸
- **"But-for" test:** A safeguard requiring proof that a proposed development would not occur without the financing tool being used.
- **Net fiscal impact finding:** An analysis showing a district's infrastructure costs won't burden the county's other areas or the general fund.
- **Debt limit:** The constitutional cap on how much general obligation debt a county may carry, currently 15% of assessed real property value.¹⁹
- **Assessed value:** The value a property is assigned for property-tax purposes, which may differ from market value.
- **Bond term:** The length of time over which a bond is repaid; for RISE/TIF bonds, typically 15–30 years.²⁰
- **Sunset provision:** A built-in expiration date after which a district automatically dissolves and reverts the full tax base to the general fund.

¹⁸HIPA, Report on the State of Physical Infrastructure in Hawaii, Phase II (2014).

¹⁹OPSD, TOD Infrastructure Finance and Delivery Strategy (Deliverable 4, 2023).

²⁰OPSD, TOD Infrastructure Finance and Delivery Strategy (Deliverable 4, 2023).



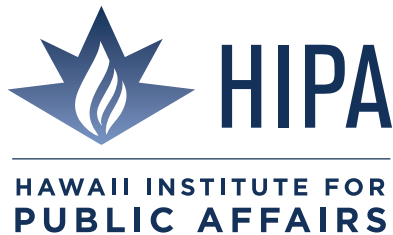
Further Resources & Contact

For readers seeking greater technical and financial depth than this brief details, HIPA, in collaboration with Fieldman, has prepared a companion technical memorandum titled, “Evaluation of Hawai‘i’s Resilient Infrastructure for Shelter and Equity (“RISE”) Bonds A Tax Increment Financing Mechanism: Opportunities, Limitations, and County Safeguards,” available at the end of this file or separately on our website.

Readers who want to go to the primary sources can find the full bill texts for SB3218/Act 31 and SB3219 on the Hawai‘i State Legislature’s website. For the fuller research history behind this ballot question in HIPA’s 2010 and 2014 infrastructure reports, HIPA’s website maintains a repository of its previous research.²¹ The OPSD’s TOD infrastructure-financing studies are another ready resource.²²

²¹HIPA, Report on the State of Physical Infrastructure in Hawaii, Phase I (2010); HIPA, Report on the State of Physical Infrastructure in Hawaii, Phase II (2014).

²²OPSD, TOD Infrastructure Finance and Delivery Strategy (Deliverable 4, 2023); OPSD, Deliverable 2: Shortlist of Available Funding, Financing, and Delivery Options (2023); OPSD, TOD Financing Toolkit.



About the Hawai'i Institute for Public Affairs

The Hawaii Institute for Public Affairs is Hawaii's first independent, nonpartisan, nonprofit research organization whose mission is to provide fact-based research, analysis, and recommendations on public policy issues facing Hawai'i. The institute's goal is to improve the quality of life in Hawai'i by improving public policy. By encouraging informed discussions of immediate and long-term issues facing Hawaii's communities through research, the institute brings together scholars, policymakers and the community. This collaborative approach of all major stakeholders creates a fact-based forum in which new knowledge, new ideas and new opportunities are created to solve Hawaii's most important issues. More information and past work can be found at: hipa.org.

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Fieldman is an employee-owned, independent, licensed municipal advisor. For 60 years, Fieldman has been providing solutions for complex financing scenarios, guidance on continuing disclosure, and aftermarket services. As one of California's most tenured independent municipal advisory firms and active in Hawaii, Washington, New Mexico, and Utah, the firm has earned a reputation as a trusted partner offering truly independent financial counseling to public agencies, non-profits and private companies. More information and past work can be found at: fieldman.com

RISE Bonds Report Advisory Committee

To assist with the development and quality review of research work products and provide input through the research process, HIPA convened a project advisory committee made up of diverse stakeholders with expertise in different areas related to infrastructure and public finance. This group of volunteers were provided the opportunity to add input, pose new questions, and flag issues and opportunities with HIPA and Fieldman through the report drafting process related to the technical memorandum developed for this project. HIPA and Fieldman would like to express sincere thanks to this group for their engagement and input through the research process:

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Honolulu Board of
Realtors



General Contractors
Association of Hawai'i



RISE Bond Project Team

This project was led by HIPA's in-house volunteer experts as principal researchers, with public policy backgrounds in planning, infrastructure, housing policy, and economic development. Subject-matter expertise was pursued in collaboration with outside research advisors and licensed financial experts at Fieldman.

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