

STAND. COM. REP. NO. 2995

Honolulu, Hawaii

MAR 23 2016

RE: H.B. No. 1735  
H.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Economic Development, Environment, and Technology, to which was referred H.B. No. 1735, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROPERTY TAXES,"

begs leave to report as follows:

The purpose and intent of this measure is to request the Department of Business, Economic Development, and Tourism to study the effects of Hawaii's low property tax rates.

Your Committee received testimony in support of this measure from one individual. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism and Tax Foundation of Hawaii.

Your Committee finds that Hawaii has the lowest property taxes in the nation, which causes the counties to potentially forego additional tax revenue from high-value homes and second homes. Many individuals and families who spend time in Hawaii are owners of high-value properties and do not pay state income tax, instead maintaining resident status in another state with a lower income tax rate. However, these individuals still use Hawaii's infrastructure and services, and thus should pay their fair share of taxes. Your Committee further finds that low property taxes can incentivize development of high-end, high-value properties, contributing to the high cost of land, driving up the cost of living, and exacerbating affordable housing and homelessness issues.



As affirmed by the record of votes of the members of your Committee on Economic Development, Environment, and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1735, H.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

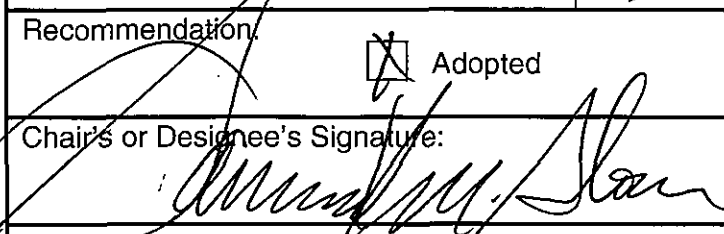
Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development, Environment, and  
Technology,

  
\_\_\_\_\_  
GLENN WAKAI, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Economic Development, Environment, and Technology**  
**EET**

|  |                     |          |     |         |
|--|---------------------|----------|-----|---------|
| Bill / Resolution No.:*  | Committee Referral: | Date:    |     |         |
| HB 1725 HDI  | EET, WAM            | 3/16/16  |     |         |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____                                      |                     |          |     |         |
| The Recommendation is:   |                     |          |     |         |
| <input checked="" type="checkbox"/> Pass, unamended 2312 <input 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)   | X                   |          |     |         |
| SLOM, Sam (VC)   |                     |          | X   |         |
| BAKER, Rosalyn H.  |                     |          |     | X       |
| ESPERO, Will   |                     | X        |     |         |
| GALUTERIA, Brickwood   |                     |          |     | X       |
| IHARA, Jr., Les  | X                   |          |     |         |
| KEITH-AGARAN, Gilbert S.C.   |                     | X        |     |         |
| RUDERMAN, Russell E.   |                     |          |     | X       |
| THIELEN, Laura H.  |                     |          |     | Y       |
|  |                     |          |     |         |
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| <b>TOTAL</b>   | 2                   | 2        | 1   | 4       |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |                     |          |     |         |
| Chair's or Designee's Signature:    |                     |          |     |         |
| Distribution:             Original     Yellow     Pink     Goldenrod<br>File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy                      |                     |          |     |         |

\*Only one measure per Record of Votes