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# A BILL FOR AN ACT

PROPOSING AN AMENDMENT TO ARTICLE VIII, SECTION 3 OF THE HAWAII  
CONSTITUTION RELATING TO THE FUNCTIONS, POWERS, AND DUTIES  
OF REAL PROPERTY TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that Hawaii has one of  
2 the highest income tax rates and the lowest real property tax  
3 rates in the nation. These tax strategies result in a  
4 disproportionate amount of the overall tax burden being placed  
5 on the residential workforce, who, in turn, effectively  
6 subsidize non-residents' real estate investments in Hawaii.

7       The legislature further finds that removing the exclusivity  
8 of county authority over real property taxes will provide the  
9 State with greater flexibility and control of its taxation  
10 policies.

11       The intention is to ultimately eliminate personal and  
12 business income taxes and offset these tax revenue sources with  
13 real property taxes. The legislature intends to double the  
14 homeowner and senior exemptions on real property taxes to lessen  
15 the overall tax burden on local residents. If this Act is  
16 enacted and the amendment to the Hawaii State Constitution is



1 ratified, House Bill No. 1209, House Draft 2, Regular Session of  
2 2022, upon its enactment and the enactment of state law  
3 specifying the real property tax amounts to be levied and  
4 assessed, will take effect and the State will stop collecting  
5 all income taxes.

6 The purpose of this Act is to propose an amendment to  
7 article VIII, section 3, of the Constitution of the State of  
8 Hawaii to repeal the exclusive authority of the counties to  
9 exercise the functions, powers, and duties of real property  
10 taxation, and thereby authorizing the State to also exercise  
11 those functions, powers, and duties.

12 SECTION 2. Article VIII, section 3, of the Constitution of  
13 the State of Hawaii is amended to read as follows:

14 **"TAXATION AND FINANCE**

15 Section 3. The taxing power shall be reserved to the  
16 State, except so much thereof as may be delegated by the  
17 legislature to the political subdivisions, and except that ~~[all]~~  
18 functions, powers and duties relating to the taxation of real  
19 property ~~[shall]~~ may be exercised ~~[exclusively]~~ by the counties,  
20 with the exception of the county of Kalawao. The legislature



1 shall have the power to apportion state revenues among the  
2 several political subdivisions."

3 SECTION 3. The question to be printed on the ballot shall  
4 be as follows:

5 "Shall the Hawaii State Constitution be amended to repeal  
6 the counties' exclusive authority to exercise functions, powers,  
7 and duties relating to the taxation of real property, thereby  
8 authorizing both the State and counties to exercise functions,  
9 powers, and duties relating to the taxation of real property?"

10 SECTION 4. Constitutional material to be repealed is  
11 bracketed and stricken. New constitutional material is  
12 underscored.

13 SECTION 5. This amendment shall take effect on July 1,  
14 2050; provided that this amendment shall take effect upon  
15 compliance with article XVII, section 3, of the Constitution of  
16 the State of Hawaii.



**Report Title:**

Real Property Taxation; Constitutional Amendment

**Description:**

Proposes an amendment to the Hawaii State Constitution to repeal the exclusive power of the counties to exercise the functions, powers, and duties related to real property taxation, thereby authorizing the State to also exercise those functions, powers, and duties. Effective 7/1/2050. (HD2)

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

