

STAND. COM. REP. NO.

207

Honolulu, Hawaii

FEB 12 , 2021

RE: H.B. No. 1208

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 1208 entitled:

"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,"

begs leave to report as follows:

The purpose of this measure is to propose an amendment to the Hawaii State Constitution to repeal the exclusive power of the counties as to the functions, powers, and duties relating to the taxation of real property and authorize the State to also exercise those functions, powers, and duties.

Your Committee received testimony in support of this measure from the Hawaii State Teachers Association and one individual. Your Committee received testimony in opposition to this measure from the Mayor of the County of Maui, Mayor of the County of Kaua'i, Chamber of Commerce Hawaii, Hawai'i Association of REALTORS, Rental By Owner Awareness Association, Maui Chamber of Commerce, and one individual. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that Hawaii has one of the highest income tax rates and the lowest real property tax rates in the nation. These tax strategies result in a disproportionate amount

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of the overall tax burden being placed on the residential workforce, who in turn effectively subsidize non-residents' real estate investments in Hawaii. This measure provides the State with authority to exercise the functions, powers, and duties of real property taxation for greater flexibility and control of its taxation policies.

Your Committee has amended this measure by:

- (1) Inserting the effective date to July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1208, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



SEAN QUINLAN, Chair



