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## A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that more non-residents  
2 are investing in Hawaii real estate due to the low property tax  
3 rates imposed by the counties. From 2008 to 2015, non-residents  
4 purchased approximately twenty-five per cent of the homes sold  
5 in the State and roughly forty-seven per cent of all homes sold  
6 in the counties of Maui, Kauai, and Hawaii.

7           The legislature further finds that a constitutional  
8 amendment to article VIII, section 3, to give the State the  
9 ability to also collect real property taxes will provide the  
10 State with greater flexibility and control in its taxation of  
11 residents and non-residents. Granting the State the authority  
12 to determine real property taxes could allow it to consider  
13 reducing or replacing other assessed taxes like the personal and  
14 corporate income tax.

15           The intent of the legislature is to eliminate personal and  
16 business income taxes and offset these tax revenue sources with  
17 real property taxes. The legislature intends to eventually



1 double the homeowner and senior exemptions on real property  
2 taxes to lessen the overall tax burden on local residents. This  
3 Act is contingent upon the enactment of House Bill No. ,  
4 Regular Session of 2023, and the ratification of an amendment to  
5 the Hawaii State Constitution that repeals the counties'  
6 exclusive authority for real property taxation.

7 The purpose of this Act is to require the department of  
8 taxation, by January 1, 2027, to suspend and refund certain  
9 income tax amounts received or withheld upon the enactment of a  
10 state law specifying real property tax amounts, and upon the  
11 passage and ratification of an amendment to article VIII,  
12 section 3, of the Hawaii State Constitution authorizing the  
13 State to exercise real property taxing authority.

14 SECTION 2. By January 1, 2027, the department of taxation  
15 shall suspend and refund personal and corporate income tax  
16 amounts received or withheld under chapter 235, Hawaii Revised  
17 Statutes; provided that the State enacts a state law specifying  
18 real property tax amounts to be levied and assessed by the  
19 department of taxation.

20 SECTION 3. This Act shall take effect upon its approval;  
21 provided that section 2 of this Act shall take effect upon the

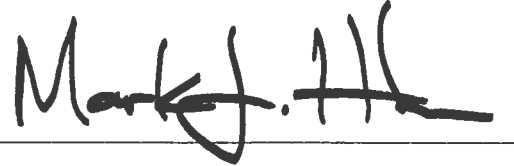


# H.B. NO. 292

1 ratification of an amendment to article VIII, section 3, of the  
2 Hawaii State Constitution authorizing the State to exercise real  
3 property taxing authority.

4

INTRODUCED BY:



JAN 19 2023



# H.B. NO. 292

**Report Title:**

Income Tax Law; Real Property Tax; DOTAX

**Description:**

By 1/1/2027, requires the department of taxation to suspend and refund certain income tax amounts received or withheld upon the enactment of a state law specifying real property tax amounts. Takes effect upon the ratification of a constitutional amendment authorizing the State to have real property taxing authority.

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

