

JAN 20 2023

---

---

# A BILL FOR AN ACT

RELATING TO HOMESTEAD EXEMPTIONS.

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

1           SECTION 1. The legislature finds that the State's economy  
2 was greatly impacted by the coronavirus disease 2019 (COVID-19)  
3 pandemic. While conditions have slowly improved over the past  
4 two years, the economic contraction caused by the pandemic has  
5 exacerbated the economic strain felt by Hawaii families due to  
6 the State's high cost of living. In 2021, per capita mortgage  
7 debt was the highest it had ever been in twenty years, and the  
8 growth rate was at an all-time ten-year peak, due to  
9 skyrocketing property values coupled with Hawaii's persistently  
10 low housing inventory. While delinquency rates remained low and  
11 were relatively stable during the pandemic, this is believed to  
12 be due in large part to the receipt of unprecedented federal  
13 assistance, which contributed significantly to ease consumer  
14 debt management.

15           The legislature further finds that the amount of the  
16 homestead exemption in the State has not been adjusted since



1 1978; meanwhile, \$1 in 1978 had the same buying power of more  
2 than \$4.57 in 2022.

3 The purpose of this Act is to require the legislative  
4 reference bureau to conduct a study to determine the appropriate  
5 amount of an increase to the homestead exemption.

6 SECTION 2. (a) The legislative reference bureau shall  
7 conduct a study to determine the appropriate amount of an  
8 increase to the homestead exemption under the United States  
9 Bankruptcy Code.

10 (b) The study shall examine the State's real property  
11 exemption for a person's principal residence in bankruptcy  
12 proceedings, pursuant to section 651-92, Hawaii Revised  
13 Statutes, and shall include the following:

14 (1) A breakdown and comparison of real property and  
15 homestead exemptions in states similar in size to the  
16 State or with a similar tax structure;

17 (2) A comparison of how real property and homestead  
18 exemptions are applied in other states, comparing  
19 their similarities and differences to the State's  
20 homestead exemption;



1 (3) Any fiscal implications to the State, counties, and  
2 private sectors as a result of an increased homestead  
3 exemption; and

4 (4) An assessment of the number and frequency of claims  
5 for the homestead exemption in the State.

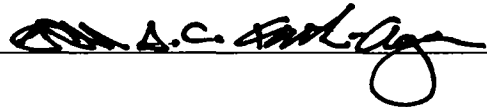
6 (c) In conducting the study, the legislative reference  
7 bureau may seek input from any individual or entity the  
8 legislative reference bureau deems necessary to complete the  
9 study.

10 (d) The legislative reference bureau shall submit a report  
11 of its findings and recommendations, including any proposed  
12 legislation, to the legislature no later than twenty days prior  
13 to the convening of the regular session of 2024.

14 SECTION 3. This Act shall take effect upon its approval.

15

INTRODUCED BY:





# S.B. NO. 1121

**Report Title:**

Legislative Reference Bureau; Study; Homestead Exemption;  
Bankruptcy Proceedings

**Description:**

Requires the Legislative Reference Bureau to conduct a study to determine an appropriate increase to the homestead exemption in bankruptcy proceedings.

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

