

Honolulu, Hawaii

, 2024

FEB 05

RE: H.B. No. 1537

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Education, to which was referred H.B. No. 1537 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to propose amendments to the Constitution of the State of Hawaii to:

- (1) Repeal the counties exclusive authority to tax real property; and
- (2) Authorize the Legislature to statutorily establish a surcharge on residential investment property valued at \$3,000,000 or greater to increase funding for public education for all students of Hawaii.

Your Committee received testimony in support of this measure from the University of Hawai'i System; Hawai'i State Teachers Association; Democratic Party of Hawai'i; Democratic Party of Hawai'i Education Caucus; Democratic Party of Hawai'i Labor Caucus; Parents for Public Schools of Hawai'i Board; Aloha United Way;

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CARES; and numerous individuals. Your Committee received testimony in opposition to this measure from the City and County of Honolulu; Hawai'i Association of REALTORS; and one individual. Your Committee received comments on this measure from the Department of Education; one member of the Hawai'i County Council; Tax Foundation of Hawaii; and Grassroot Institute of Hawaii.

Your Committee finds that article X, section 1, of the Constitution of the State of Hawaii requires the State to provide a system of public education. Hawaii is unique compared to the other states because the State, rather than a county of local level jurisdiction, is responsible for public education. This results in funding for public education in Hawaii being primarily sourced from the general revenues of the State.

Your Committee further finds that public education in Hawaii is not adequately funded. This inadequate funding of the State's public school system has played a role in driving many families in Hawaii to enroll their children in private schools, resulting in Hawaii having one of the highest rates of private school enrollment in the nation. Your Committee believes that a surcharge on certain residential investment property would provide additional funding for the State to better meet its educational responsibilities and prepare all students to meet the social and economic demands of the twenty-first century.

Your Committee respectfully requests your Committee on Judiciary & Hawaiian Affairs, should it deliberate on this measure, to consider the questions, concerns, and legal issues raised by the Hawaii Supreme Court over S.B. No. 2922, S.D. 1, H.D. 1 (2018), which proposed amendments to the Hawaii State Constitution to authorize the Legislature to establish a surcharge to increase funding for public education. Your Committee recognizes that the Hawaii Supreme Court invalidated the ballot question proposed by S.B. No. 2922, S.D. 1, H.D. 1 (2018), finding that as written, it did not comply with statutory requirements that the language and meaning of a ballot question on a proposed constitutional amendment be clear and not misleading.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000; 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1537, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1537, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Education,



JUSTIN L. WOODSON, Chair



Record of Votes of the Committee on Education

Bill/Resolution No.: HB1537	Committee Referral: EDN, JHA, FIN	Date: 1/30/24		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDN Members	Ayes	Ayes (WR)	Nays	Excused
1. WOODSON, Justin H. (C)	/			
2. LA CHICA, Trish (VC)	/			
3. KAPELA, Jeanne	/			
4. MARTEN, Lisa	/			
5. MARTINEZ, Rose	/			
6. MATAYOSHI, Scot Z.				X
7. MIZUNO, May Besario	/			
8. PERRUSO, Amy A.	/			
9. QUINLAN, Sean				X
10. TODD, Chris	/			
11. GARCIA, Diamond			X	
TOTAL (11)	8		1	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u>Trish La Chica</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				