

Honolulu, Hawaii

FEB 14 , 2024

RE: H.B. No. 1537
H.D. 2

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

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 1537, H.D. 1, 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 an amendment to the Constitution of the State of Hawaii to repeal the counties exclusive power to tax real property and increase funding for public education for all students of Hawaii by authorizing the Legislature to establish a surcharge on certain residential investment property.

Your Committee received testimony in support of this measure from the University of Hawaii System; Hawai'i Teacher Standards Board; Hawai'i State Teachers Association; Democratic Party of Hawai'i; Democratic Party of Hawai'i Education Caucus; Hawai'i Children's Action Network Speaks!; Aloha United Way; and six individuals. Your Committee received testimony in opposition to this measure from a member of the Hawai'i County Council; Office of the Mayor of the City and County of Honolulu; Office of the Mayor of the County of Maui; Department of Finance of the County of



Hawai'i; Hawai'i Association of REALTORS; Law Use Research Foundation of Hawaii; Grassroot Institute of Hawaii; and four individuals. Your Committee received comments on this measure from the Department of Education and Tax Foundation of Hawaii.

Your Committee finds that the ballot question in this measure, as received by your Committee, is similar to the ballot question in S.B. No. 2922, H.D. 1, Regular Session of 2018, which was declared invalid by the Hawaii Supreme Court in *City & County of Honolulu v. State*, 143 Hawai'i 455, 431 P.3d 1228 (2018). Accordingly, your Committee has amended the ballot question to ensure that it is clear and neither misleading nor deceptive for voters in accordance with state law.

Your Committee further finds that beginning with the 2024 elections, the Office of Election will provide voters with a digital voter information guide that includes an explanation drafted by the Department of the Attorney General of each state constitutional amendment to be proposed to voters on the ballot. Your Committee believes that this guide will aid in clarifying the constitutional question that voters are tasked with making, as recommended by the Hawaii Supreme Court.

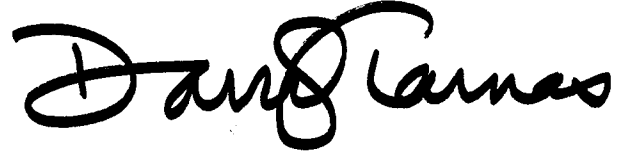
Your Committee has amended this measure by:

- (1) Clarifying that the surcharge is:
 - (A) On the counties' taxation of certain residential investment property; and
 - (B) For the purpose of helping to fund public education;
- (2) Clarifying the ballot question; and
- (3) 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 Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1537, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1537, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



