JAN 1 5 2025

A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

1 SECTION 1. The legislature finds that in the mid-20th 2 century, Hawaii's economy was predominantly agrarian, with 3 significant revenues derived from plantations, tourism, and 4 military expenditures. During this period, the State assumed 5 responsibilities in education, health, public safety, and other 6 sectors that, in other states, are typically managed by the 7 counties. The intent was to protect rural communities from 8 excessive property taxation and to capitalize on economic 9 pillars centered in Honolulu. As a result, the State became the 10 primary entity responsible for funding and administering 11 services in these critical sectors.

12 The legislature notes that in the 21st century, Hawaii's 13 economic landscape has undergone a dramatic transformation. 14 Real estate investments have surged, and there has been a 15 notable increase in non-resident property ownership, which has 16 contributed to a housing affordability crisis. The State's 17 property tax rates, which are among the lowest in the nation,

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have attracted speculative investments and led to the proliferation of vacant homes. These properties are often held as second or third homes or used as short-term rentals, reducing housing availability for residents. Many of these property owners contribute minimally to state revenues since many do not pay state income tax and have limited exposure to general excise taxes due to their non-resident status.

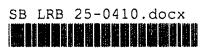
The legislature recognizes that Hawaii's fiscal structure, 8 9 where the State predominantly funds education, health, and 10 public safety, has resulted in challenges in revenue generation and equitable service delivery. The legislature therefore 11 12 recognizes the need to reexamine and redefine the roles, responsibilities, and funding mechanisms of Hawaii's state and 13 county governments. This examination and restructuring will 14 15 help address the State's urgent need to ensure that property tax revenues and other financial resources are equitably utilized 16 and that the responsibilities for public services are 17 appropriately allocated to enhance government and public service 18 19 outcomes.

20 Accordingly, the purpose of this Act is to establish and21 appropriate moneys for a select commission on government



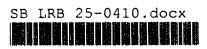
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1	restructu	ring to examine and provide recommendations on the
2	allocatio	n and sharing of funding and duties between the State
3	and the c	ounties, particularly in the areas of education,
4	health, a	nd public safety.
5	SECT	ION 2. (a) There is established the select commission
6	on govern	ment restructuring, which shall be placed within the
7	office of	the governor, for administrative purposes. The
8	commissio	n shall comprise the following members:
9	(1)	The governor, or the governor's designee, who shall
10		serve as the chairperson of the commission;
11	(2)	The director of transportation, or the director's
12		designee;
13	(3)	The chairperson of the board of land and natural
14		resources, or the chairperson's designee;
15	(4)	The superintendent of education, or the
16		<pre>superintendent's designee;</pre>
17	(5)	The director of public safety, or the director's
18		designee;
19	(6)	The director of law enforcement, or the director's
20		designee;
21	(7)	The director of health, or the director's designee;



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1	(8)	Two members of the senate, to be appointed by the
2		president of the senate;
3	(9)	Two members of the house of representatives, to be
4		appointed by the speaker of the house of
5		representatives; and
6	(10)	Two citizens with expertise in public administration,
7		finance, or a related field, chosen and invited to
8		participate by the governor.
9	(b)	Members shall serve until the commission dissolves;
10	provided	that any vacancies shall be filled in the same manner
11	as the or	iginal appointments.
12	(C)	Members shall serve without compensation but shall be
13	reimburse	d for reasonable expenses, including travel expenses,
14		
1-4	necessary	for the performance of their duties.
15	necessary (d)	for the performance of their duties. The commission shall:
	-	The commission shall:
15	(d)	The commission shall:
15 16	(d)	The commission shall: Examine the current allocation of responsibilities and
15 16 17	(d)	The commission shall: Examine the current allocation of responsibilities and funding between the state and county governments, with



1 housing, including the prevalence of vacant homes and 2 non-resident property ownership; Explore models for bifurcating and sharing duties and 3 (3) funding between the State and counties to enhance 4 efficiency, equity, and responsiveness to local needs; 5 Consider the potential for structural flexibility to 6 (4) 7 allow counties to assume greater responsibility in certain areas, and the implications of reallocating 8 duties among the State and counties; 9 10 Develop recommendations for legislative, (5) administrative, or policy changes to realign 11 12 government functions and funding mechanisms in 13 accordance with current economic and social 14 conditions; and 15 (6) Engage with stakeholders, including government agencies, community organizations, subject matter 16 experts, and the public to inform its deliberations 17 and recommendations. 18 19 (e) The commission shall submit to the legislature:

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1 An interim report of its findings and recommendations (1)2 no later than twenty days prior to the convening of 3 the regular sessions of 2026 and 2027; and 4 (2)A final report, including its findings and 5 recommendations and any proposed legislation, no later than twenty days prior to the convening of the regular 6 7 session of 2028. 8 (f) The commission shall meet as determined by the 9 chairperson and shall hold at least one public hearing in each 10 county to solicit input from the county's residents. 11 The office of the governor shall provide (q) 12 administrative support to the commission. The commission may also request assistance from other state agencies as the 13 14 chairperson deems necessary. 15 The commission shall dissolve on December 31, 2027. (h) 16 SECTION 3. There is appropriated out of the general 17 revenues of the State of Hawaii the sum of \$ or so much 18 thereof as may be necessary for fiscal year 2025-2026 and the 19 same sum or so much thereof as may be necessary for fiscal year 20 2026-2027 for the administration and operational expenses of the 21 select commission on government restructuring, including

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personnel costs, research, stakeholder engagement, and report
preparation; provided that all moneys from the appropriation
unencumbered as of June 30, 2027, shall lapse as of that date.
The sums appropriated shall be expended by the office of
the governor for the purposes of this Act.

6 SECTION 4. This Act shall take effect on July 1, 2025.

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INTRODUCED BY:

Report Title:

Office of the Governor; Government Restructuring; Commission; Appropriation

Description:

Establishes and appropriates moneys for a Select Commission on Government Restructuring. Requires an interim report and final report to the Legislature. Dissolves the Commission on 12/31/2027.

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

