
A BILL FOR AN ACT

RELATING TO PROPERTY TAXES.

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

1 SECTION 1. The legislature finds that Hawaii has the
2 lowest property taxes in the nation. Although this makes sense
3 for low- and middle-income residents who own an average single-
4 family home, this causes the counties to potentially forego
5 additional tax revenue from high-value homes and second homes.
6 The legislature further finds that many individuals and
7 families who spend time in Hawaii are owners of high-value
8 properties and do not pay state income tax, instead maintaining
9 resident status in another state with a lower income tax rate.
10 However, these individuals still use Hawaii's infrastructure and
11 services, and thus should pay their fair share.
12 The legislature also finds that low property taxes can
13 incentivize development of high-end, high-value properties,
14 contributing to the high cost of land in Hawaii, driving up the
15 cost of living and exacerbating our affordable housing and
16 homelessness issues.



1 Finally, low property taxes lessen the impact of the
2 federal homestead exemption, which is intended to make property
3 taxes more progressive.

4 The purpose of this Act is to request the department of
5 business, economic development, and tourism to study the effects
6 of Hawaii's low property tax rates.

7 SECTION 2. The department of business, economic
8 development, and tourism shall provide to the legislature a
9 report no later than twenty days prior to the convening of the
10 regular session of 2017 on:

- 11 (1) The effect of low property tax rates in Hawaii on:
- 12 (A) Land values;
 - 13 (B) The real estate market;
 - 14 (C) The ability of the workforce to afford and own a
15 home;
 - 16 (D) The availability of affordable housing;
 - 17 (E) Federal taxes owed by Hawaii residents, including
18 any reduced taxes from a homestead exemption; and
 - 19 (F) Funding for public education;
- 20 (2) How Hawaii compares to other states with regard to
21 property tax rates;



1 (3) How many Hawaii residential property owners are not
2 Hawaii residents; and

3 (4) How many Hawaii residential property owners do not pay
4 Hawaii income tax.

5 SECTION 3. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so much
7 thereof as may be necessary for fiscal year 2016-2017 for the
8 purposes of this Act.

9 The sum appropriated shall be expended by the department of
10 business, economic development, and tourism for the purposes of
11 this Act.

12 SECTION 4. This Act shall take effect on July 1, 2016.



Report Title:

Study; Property Tax; DBEDT; Appropriation

Description:

Appropriates funds to the Department of Business, Economic Development, and Tourism to study the effects of Hawaii's low property tax rates. Appropriates funds. (HB1735 HD1)

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