
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
AND VISITOR ACCOMMODATIONS TO INCREASE FUNDING FOR PUBLIC
EDUCATION.

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

1 SECTION 1. The legislature finds that article X, section
2 1, of the Constitution of the State of Hawaii requires the State
3 to provide a system of public education. Compared to other
4 states, Hawaii is unique because the State, rather than a county
5 or local-level political subdivision, is responsible for
6 providing and funding public education. As a result, funding
7 for public education in Hawaii is primarily sourced from the
8 general fund of the State.

9 The legislature further finds that public education in
10 Hawaii is not adequately funded. According to a 2017 analysis
11 of real property tax in Hawaii performed by the department of
12 business, economic development, and tourism, Hawaii's education
13 expenditures, as a share of combined state and local government
14 expenditures, is 27.3 per cent and ranks as the lowest in the
15 nation. At \$12,855 per child, Hawaii trails mainland school



1 districts of similar size when adjusting for cost of living.
2 This inadequate funding of Hawaii's public education system has
3 played a role in driving many Hawaii families to enroll their
4 children in private schools, leaving Hawaii with one of the
5 highest rates of private school enrollment in the nation
6 according to the United States Census Bureau.

7 The legislature finds that the United States Department of
8 Education currently considers over seventy per cent of Hawaii's
9 public schools to be Title I schools. Additionally, a majority
10 of public school students are now considered high-needs
11 students, meaning students who qualify for free or reduced price
12 lunch, are English language learners, or are special education
13 students.

14 The legislature finds that Hawaii's public school
15 facilities are aging so that funding for the repair and
16 maintenance of older facilities and building of newer facilities
17 is sorely needed. The mean age of school facilities in Hawaii
18 is sixty-one years; the average school building is forty-four
19 years old and fifty-three buildings are over one-hundred years
20 old.



1 The legislature finds that after adjusting for the high
2 cost of living in Hawaii, teachers are faced with the lowest pay
3 in the United States. According to a 2016 study performed by
4 WalletHub.com, Hawaii ranks fifty-first out of the fifty states
5 and District of Colombia in starting and median teacher salaries
6 when adjusted for cost of living.

7 The legislature also finds that chronic underfunding of
8 public schools undermines the State's goal of providing a
9 quality education to all of Hawaii's children. Insufficient
10 funding results in delayed repairs to school facilities,
11 overheated classrooms, larger class sizes, a lack of adequate
12 classroom supplies, elimination of arts and career and technical
13 education courses, budget cuts for special education and English
14 language learner programs, and an increasing number of vacant
15 teacher positions statewide. It is necessary to develop a new
16 means of funding Hawaii's public education system to ensure that
17 the State will be able to prepare children to meet the social
18 and economic demands of the twenty-first century.

19 The purpose of this Act is to propose an amendment to the
20 Constitution of the State of Hawaii to advance the State's goal
21 of providing a quality public education for the children of



Hawaii by authorizing the legislature to establish a surcharge on residential investment property and visitor accommodations.

SECTION 2. Article VIII, section 3, of the Constitution of the State of Hawaii is amended to read as follows:

"TAXATION AND FINANCE

Section 3. The taxing power shall be reserved to the State, except so much thereof as may be delegated by the legislature to the political subdivisions, and except that all functions, powers and duties relating to the taxation of real property shall be exercised exclusively by the counties, with the exception of the county of Kalawao[-]; provided that the legislature shall not be prohibited from establishing a surcharge on residential investment property and visitor accommodations pursuant to Article X, section 1. The legislature shall have the power to apportion state revenues among the several political subdivisions."

SECTION 3. Article X, section 1, of the Constitution of the State of Hawaii is amended to read as follows:

"PUBLIC EDUCATION

Section 1. The State shall provide for the establishment, support and control of a statewide system of public schools free



1 from sectarian control, a state university, public libraries and
2 such other educational institutions as may be deemed desirable,
3 including physical facilities therefor. There shall be no
4 discrimination in public educational institutions because of
5 race, religion, sex or ancestry; nor shall public funds be
6 appropriated for the support or benefit of any sectarian or
7 nonsectarian private educational institution, except that
8 proceeds of special purpose revenue bonds authorized or issued
9 under section 12 of Article VII may be appropriated to finance
10 or assist:

11 1. Not-for-profit corporations that provide early
12 childhood education and care facilities serving the general
13 public; and

14 2. Not-for-profit private nonsectarian and sectarian
15 elementary schools, secondary schools, colleges and
16 universities.

17 The legislature may establish a surcharge on residential
18 investment property valued at one million dollars or greater and
19 visitor accommodations as provided by law to fund a quality
20 public education system for all of Hawaii's children. Allowable
21 use of such funding shall include but not be limited to



recruitment and retention of teachers, public preschools,
smaller class sizes, special education programming, career and
technical education, art education, music education, Hawaiian
studies, Hawaiian language instruction, and afterschool
programs.

For the purposes of this section:

1. The term "residential investment property" means all
real property including apartments and condominiums and
appurtenances thereto, including buildings, structures, fences,
and improvements erected on or affixed to such real property and
any fixture which is erected on or affixed to the land,
buildings, structures, fences, and improvements; and all
machinery and other mechanical or other allied equipment and the
foundations thereof, that are dedicated for residential use and
that do not serve as the owner's primary residence.

2. The term "visitor accommodations" means any room,
apartment, suite, single family dwelling, or time share unit
furnished for less than one hundred eighty consecutive days for
each letting in a hotel, apartment hotel, motel, condominium
property regime, apartment, time share vacation property,
cooperative apartment, dwelling unit, or rooming house that



1 provides living quarters, sleeping, or housekeeping
2 accommodations, or any other place in which lodgings are
3 furnished to transients."

4 SECTION 4. The question to be printed on the ballot shall
5 be as follows:

6 "Shall the legislature fund a quality public education
7 system for all of Hawaii's children, including funding for the
8 recruitment and retention of teachers, public preschools,
9 smaller class sizes, special education programming, career and
10 technical education, art education, music education, Hawaiian
11 studies, Hawaiian language instruction, and afterschool programs
12 by establishing a surcharge on residential investment property
13 valued at one million dollars or greater and visitor
14 accommodations, excluding a homeowner's primary residence, as
15 provided by law?"

16 SECTION 5. Constitutional material to be repealed is
17 bracketed and stricken. New constitutional material is
18 underscored.

19 SECTION 6. This amendment shall take effect upon
20 compliance with article XVII, section 3, of the Constitution of



1 the State of Hawaii.

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2018



H.B. NO. 2608

Report Title:

Public Education; Residential Investment Property Surcharge;
Constitutional Amendment

Description:

Proposes amendments to the Hawaii State Constitution to advance the State's goal of providing a quality public education system for the children of Hawaii by authorizing the Legislature to establish, as provided by law, a surcharge on residential investment property valued at \$1,000,000 or greater and visitor accommodations.

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