
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that more non-residents
2 are investing in Hawaii real estate due to the low property tax
3 rates imposed by the counties. From 2008 to 2015, non-residents
4 purchased approximately twenty-five per cent of the homes sold
5 in the State and roughly forty-seven per cent of all homes sold
6 in the counties of Maui, Kauai, and Hawaii.

7 The legislature further finds that a constitutional
8 amendment to article VIII, section 3, to give the State the
9 ability to also collect real property taxes will provide the
10 State with greater flexibility and control in its taxation of
11 residents and non-residents. If the State has the authority in
12 determining real property taxes, then it may allow for the
13 ability to remove other assessed taxes like the personal and
14 corporate income tax.

15 The purpose of this Act is to require the department of
16 taxation, by January 1, 2026, to suspend and refund certain
17 income tax amounts received or withheld upon the enactment of a



H.B. NO. 1209

1 state law specifying real property tax amounts and upon the
2 passage and ratification of a constitutional amendment of
3 article VIII, section 3, authorizing the State to additionally
4 have real property taxing authority.

5 SECTION 2. By January 1, 2026, the department of taxation
6 shall suspend and refund personal and corporate income tax
7 amounts received or withheld under chapter 235, Hawaii Revised
8 Statutes; provided that the State enacts a state law specifying
9 real property tax amounts to be levied and assessed by the
10 department of taxation.

11 SECTION 3. This Act shall take effect upon its approval;
12 provided that section 2 of this Act shall take effect upon the
13 ratification of a constitutional amendment of article VIII,
14 section 3, authorizing the State to additionally have real
15 property taxing authority.

16

INTRODUCED BY:



JAN 26 2021



H.B. NO. 1209

Report Title:

Income Tax Law; DOTAX

Description:

By 1/1/2026, requires the department of taxation to suspend and refunds certain income tax amounts received or withheld upon the enactment of a state law specifying real property tax amounts. Takes effect upon the ratification of a constitutional amendment authorizing the State to have additional real property taxing authority.

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