
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 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,
2 section 1, of the Constitution of the State of Hawaii requires
3 the State to provide a system of public education. Compared to
4 other states, Hawaii is unique because the State, rather than a
5 county or local level jurisdiction, is responsible for public
6 education. As a result, funding for public education in Hawaii
7 is primarily sourced from the State's general fund.

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



1 education expenditures drive Hawaii families to compete for
2 private school enrollment, leaving Hawaii with one of the
3 highest rates of private school enrollment in the nation,
4 according to the United States Census Bureau.

5 The legislature additionally finds that the United States
6 Department of Education currently considers over seventy per
7 cent of Hawaii's public schools to be Title I schools. A
8 majority of public school students are now considered "high-
9 needs" students, meaning that the student qualifies for free or
10 reduced price lunch, is an English language learner, or is a
11 special education student. Hawaii public school facilities
12 average sixty-one years in age, with the average school building
13 over forty-four years old and fifty-three buildings being over
14 one hundred years in age. Hawaii ranks fifty-first out of fifty
15 states and the District of Columbia in starting and median
16 teacher salaries adjusted for cost of living, according to a
17 2016 study performed by WalletHub.com.

18 The legislature also finds that chronic underfunding of
19 public schools undermines the State's goal of providing a
20 quality education to all of Hawaii's children. Insufficient
21 education funding results in delayed repairs to school



1 facilities, overheated classrooms, higher class sizes, a lack of
2 adequate classroom supplies, elimination of arts and career and
3 technical education courses, budget cuts for special education
4 and English language learner programs, and an increasing number
5 of vacant teacher positions statewide. It is necessary to
6 develop a new means of funding Hawaii's public education system
7 to ensure that the State will be able to prepare children to
8 meet the social and economic demands of the twenty-first
9 century.

10 The purpose of this Act is to propose amendments to the
11 Constitution of the State of Hawaii to advance the State's goal
12 of providing a quality education for the children of Hawaii by
13 authorizing the legislature to establish a surcharge on
14 residential investment property and visitor accommodations.

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

17 "TAXATION AND FINANCE

18 Section 3. The taxing power shall be reserved to the State,
19 except so much thereof as may be delegated by the legislature to
20 the political subdivisions, and except that all functions,
21 powers and duties relating to the taxation of real property



1 shall be exercised exclusively by the counties, with the
2 exception of the county of Kalawao[-]; provided that the
3 legislature shall not be prohibited from establishing a
4 surcharge on residential investment property pursuant to Article
5 X, Section 1. The legislature shall have the power to apportion
6 state revenues among the several political subdivisions."

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

9 "PUBLIC EDUCATION

10 Section 1. The State shall provide for the establishment,
11 support and control of a statewide system of public schools free
12 from sectarian control, a state university, public libraries and
13 such other educational institutions as may be deemed desirable,
14 including physical facilities therefor. There shall be no
15 discrimination in public educational institutions because of
16 race, religion, sex or ancestry; nor shall public funds be
17 appropriated for the support or benefit of any sectarian or
18 nonsectarian private educational institution, except that
19 proceeds of special purpose revenue bonds authorized or issued
20 under section 12 of Article VII may be appropriated to finance
21 or assist:



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

3 2. Not-for-profit private nonsectarian and sectarian
4 elementary schools, secondary schools, colleges and
5 universities.

6 The legislature may establish a surcharge on residential
7 investment property valued at two million dollars or greater and
8 visitor accommodations, as provided by law, to fund a quality
9 public education for all of Hawaii's children, including but not
10 limited to the recruitment and retention of teachers, public
11 preschools, lower class sizes, special education programming,
12 career and technical education, art, music, Hawaiian studies,
13 Hawaiian language instruction, and afterschool programs;
14 provided that for the purposes of this section:

15 1. "Residential investment property" means and includes all
16 land and appurtenances thereof and the buildings, structures,
17 fences, and improvements erected on or affixed to the same, and
18 any fixture that is erected on or affixed to such land,
19 buildings, structures, fences, and improvements, including all
20 machinery and other mechanical or other allied equipment and the
21 foundations thereof, and including apartments and condominiums,



1 that is dedicated for residential use and for which the owner
2 does not qualify for a homeowner's exemption.

3 2. "Visitor accommodations" means and includes any room,
4 apartment, suite, single family dwelling, or time share unit
5 furnished for less than one hundred eighty consecutive days for
6 each letting in a hotel, apartment hotel, motel, condominium
7 property regime, apartment, time share vacation property,
8 cooperative apartment, dwelling unit, or rooming house that
9 provides living quarters, sleeping, or housekeeping
10 accommodations, or any other place in which lodgings are
11 furnished to transients."

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

14 "Shall the legislature fund a quality public education for
15 all of Hawaii's children, including the retention of
16 teachers, public preschools, lower class sizes, special
17 education programming, career and technical education, art,
18 music, Hawaiian studies, Hawaiian language instruction, and
19 afterschool programs, by establishing a surcharge on
20 visitor accommodations and residential investment property



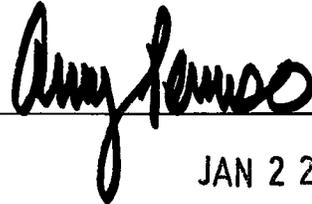
1 valued at two million dollars or greater, excluding a
2 homeowner's primary residence, as to be provided by law?"

3 SECTION 5. Constitutional material to be repealed is
4 bracketed and stricken. New constitutional material is
5 underscored.

6 SECTION 6. This amendment shall take effect upon
7 compliance with article XVII, section 3, of the Constitution of
8 the State of Hawaii.

9

INTRODUCED BY:



JAN 22 2021



H.B. NO. 444

Report Title:

Public Education; Residential Investment Property; Visitor Accommodations; Surcharge; Constitutional Amendment

Description:

Proposes amendments to the Constitution of the State of Hawaii to advance the State's goal of providing a quality education for the children of Hawaii by authorizing the legislature to establish, as to be provided by law, a surcharge on residential investment property and visitor accommodations.

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