
A BILL FOR AN ACT

RELATING TO HOMESTEAD EXEMPTIONS.

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

1 SECTION 1. The legislature finds that the coronavirus
2 disease 2019 (COVID-19) pandemic and governmental responses to
3 contain the spread of COVID-19 have precipitated an economic
4 contraction on a global, national, and local scale. In Hawaii,
5 this economic contraction ballooned the State's unemployed
6 population from its 2019 level of 2.8 per cent to its peak level
7 of 23.8 per cent in May 2020. Additionally, nearly half of the
8 households in the State have seen a decline in income due to the
9 COVID-19 pandemic.

10 The legislature further finds that this economic
11 contraction has exacerbated the economic strain felt by Hawaii
12 families due to the State's high cost of living. The percentage
13 of persons who are not current on their mortgage loans more than
14 doubled from 2019 to 2020. This will likely lead to a surge of
15 foreclosures in the State.

16 The legislature notes that the amount of the homestead
17 exemption in the State has not been adjusted since 1978;



1 however, \$1 in 1978 has the same buying power of more than \$4
2 in 2020.

3 The purpose of this Act is to require the legislative
4 reference bureau to conduct a study to determine the appropriate
5 amount of an increase to the homestead exemption.

6 SECTION 2. (a) The legislative reference bureau shall
7 conduct a study to determine the appropriate amount of an
8 increase to the homestead exemption under the United States
9 Bankruptcy Code.

10 (b) The study shall examine the State's real property
11 exemption for a person's principal residence in bankruptcy
12 proceedings, pursuant to section 651-92, Hawaii Revised
13 Statutes, and shall include the following:

14 (1) A breakdown and comparison of real property and
15 homestead exemptions in states similar in size to the
16 State or with a similar tax structure;

17 (2) A comparison of how real property and homestead
18 exemptions are applied in other states, comparing
19 their similarities and differences to the State's
20 homestead exemption;



1 (3) Any fiscal implications to the State, counties, and
2 private sectors as a result of an increased homestead
3 exemption; and

4 (4) An assessment of the number and frequency of claims
5 for the homestead exemption in the State.

6 (c) In conducting the study, the legislative reference
7 bureau shall seek input from the department of commerce and
8 consumer affairs; department of business, economic development
9 and tourism; department of budget and finance; department of
10 taxation; financial institutions; institutions representing
11 business; National Conference of State Legislatures; and any
12 other relevant entity.

13 (d) The legislative reference bureau shall submit a report
14 of its findings and recommendations, including any proposed
15 legislation, to the legislature no later than twenty days prior
16 to the convening of the regular session of 2022.

17 SECTION 2. This Act shall take effect on December 1, 2050.



Report Title:

Legislative Reference Bureau; Study; Homestead Exemption;
Bankruptcy Proceedings

Description:

Requiring the legislative reference bureau to conduct a study to determine the increase to the homestead exemption in bankruptcy proceedings. Effective 12/1/2050. (HD1)

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