

JAN 21 2022

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

15 The legislature further finds that the amount of the
16 homestead exemption in the State has not been adjusted since



1 1978; meanwhile, \$1 in 1978 had the same buying power of more
2 than \$4 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;



S.B. NO. 2338

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

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

(c) In conducting the study, the legislative reference bureau may seek input from any individual or entity the legislative reference bureau deems necessary to complete the study.

(d) The legislative reference bureau shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2023.

SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY:



S.B. NO. 2334

Report Title:

Legislative Reference Bureau; Study; Homestead Exemption;
Bankruptcy Proceedings

Description:

Requires the Legislative Reference Bureau to conduct a study to determine an appropriate increase to the homestead exemption in bankruptcy proceedings.

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