
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 State's economy
2 was greatly impacted by the coronavirus disease 2019 (COVID-19)
3 pandemic. While conditions have slowly improved over the past
4 two years, the economic contraction caused by the pandemic has
5 exacerbated the economic strain felt by Hawaii families due to
6 the State's high cost of living. In 2021, per capita mortgage
7 debt was the highest it had ever been in twenty years, and the
8 growth rate was at an all-time ten-year peak, due to
9 skyrocketing property values coupled with Hawaii's persistently
10 low housing inventory. While delinquency rates remained low and
11 were relatively stable during the pandemic, this is believed to
12 be due in large part to the receipt of unprecedented federal
13 assistance, which contributed significantly to ease consumer
14 debt management.

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 \$4.57 in 2022.

3 The purpose of this Act is to require the Real Property and
4 Financial Services Section of the Hawaii State Bar Association
5 to conduct a study to determine the appropriate amount of an
6 increase to the homestead exemption.

7 SECTION 2. (a) The Hawaii State Bar Association shall
8 conduct a study to determine the appropriate amount of an
9 increase to the homestead exemption under the United States
10 Bankruptcy Code.

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

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

18 (2) A comparison of how real property and homestead
19 exemptions are applied in other states, comparing
20 their similarities and differences to the State's
21 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 Real Property and
7 Financial Services Section of the Hawaii State Bar Association
8 may seek input from any individual or entity if deems necessary
9 to complete the study.

10 (d) The Real Property and Financial Services Section of
11 the Hawaii State Bar Association shall submit a report of its
12 findings and recommendations, including any proposed
13 legislation, to the legislature no later than twenty days prior
14 to the convening of the regular session of 2024.

15 SECTION 3. This Act shall take effect on July 1, 2112.



Report Title:

Hawaii State Bar Association; Study; Homestead Exemption;
Bankruptcy Proceedings

Description:

Requires the Real Property and Financial Services Section of the Hawaii State Bar Association to conduct a study to determine an appropriate increase to the homestead exemption in bankruptcy proceedings. Effective 7/1/2112. (SD1)

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