

DEPARTMENT OF BUDGET AND FISCAL SERVICES
KA 'OIHANA MĀLAMA MO'OHELU A KĀLĀ
CITY AND COUNTY OF HONOLULU

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PO'O

CARRIE CASTLE
DEPUTY DIRECTOR
HOPE PO'O

March 2, 2026

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice-Chair
and Members of the House Committee on Finance
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Todd, Vice-Chair Takenouchi, and Committee Members:

SUBJECT: Testimony Expressing Opposition on House Bill 2147, HD2 (2026)
Hearing: March 3, 2026, 2:00 p.m., Conference Room 308 and
via Videoconference

The Department of Budget and Fiscal Services, City and County of Honolulu ("City") respectfully **opposes** House Bill ("HB") 2147, HD2 (2026), which proposes amendments to Articles VIII and X of the Constitution of the Hawai'i to authorize the legislature to establish a surcharge on residential investment properties to increase funding for public education.

While the City supports the intent of providing additional funding for public education, this measure, if adopted by the legislature and approved by voters, would authorize the State to impose an additional tax on top of the real property taxes already administered by the counties.

The Hawai'i Supreme Court has previously recognized that a substantially similar "surcharge" functions as a tax. Authorizing the State to impose an additional tax on the same property tax base would therefore create a dual-taxation structure. Since the transfer of real property taxing authority to the counties, each county has operated under its own unique real property tax ordinances and administrative systems. An additional tax onto these independent county frameworks has the potential to create legal and administrative inconsistencies across jurisdictions.

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice-Chair
and Members of the House Committee on Finance
March 2, 2026
Page 2

Imposing an additional tax on top of the real property taxes may actively undermine ongoing State and City collaborative efforts to reduce the regulatory burden on new housing development, particularly affordable housing development. Many essential workforce housing projects, including traditional walk-up apartment buildings, are already valued above the \$3 million threshold and house local families who are struggling with Hawai'i's high cost of living. If this additional tax is imposed, the financial burden is likely to be passed down to renters through increased rents, placing additional strain on working families and potentially driving more local residents out of their homes and into an already limited affordable housing market.

Lastly, the counties rely primarily on real property tax revenues to fund essential municipal services, and this measure has the potential to weaken long-term fiscal stability and negatively affect municipal bond ratings.

For these reasons, the City respectfully **opposes** HB 2147, HD2 (2026) and urges the Legislature to preserve the constitutional framework governing county real property taxation.

Thank you for the opportunity to provide testimony on this measure.

Sincerely,


Andrew T. Kawano
Director



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/03/2026
Time: 02:00 PM
Location: 308 VIA VIDEOCONFERENCE
Committee: FIN

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB2147, HD2, PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION.

Purpose of Bill: Proposes amendments to the Hawaii State Constitution to repeal the counties' exclusive power to tax real property, and to authorize the Legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties, for the purpose of helping to fund public education for all of Hawaii's children and adults. Effective 7/1/3000. (HD2)

Department's Position:

The Hawaii State Department of Education (Department) respectfully provides comments on HB 2147, HD 2.

While the Department recognizes that the decision on structuring the State's tax base is a matter of statewide concern, it does appreciate the intent of the measure to help provide a more predictable and robust means to support public education.

Investment in public education stands at a critical crossroads during periods of economic downturns and uncertainty. K-12 education, unlike other critical government services, is the state's investment in its future. What may be considered short-term divestments in education — one, two, or even three years — to address budget constraints, have long-term impacts on a generation of students. These young people graduate high school and mature into adults who will make decisions about whether they will live in Hawaii and how they will contribute to our community and economic future.

General fund support for public education in recent years has fallen short of being predictable and reliable in the face of varying economic conditions, student needs, and inflation.

- Since Fiscal Year (FY) 2010, State general fund support for the Department, as

measured by a percent of the Executive Branch general fund budget, has been on a downward trend – from 27.14% in FY 2010 to 22.32% for FY 2026.

- For the Executive Budget that was submitted to the 2026 Legislature, the Department's appropriated general fund operating budget for Fiscal Year 2026-27 is being cut by \$28.36 million, due to the anticipated fiscal constraints.

HB 2147, HD2 proposes to amend Article VIII, Section 3, of the Hawaii State Constitution to allow the Legislature to establish a surcharge on the counties' taxation of residential investment property valued at \$3 million or more. Under the current State Constitution, duties relating to the taxation of real property are exercised exclusively by the counties, which was ratified by the 1978 Constitutional Convention with almost 52% of the voters voting yes.

The Department recognizes that this would be the first step in amending our State Constitution. The measure would still need to be passed by the Legislature and the question placed on the ballot for voters to ratify. Even if the measure is not passed, the measure can still serve as a conduit for discussion on reliable, predictable, and adequate funding for public education.

Thank you for the opportunity to provide testimony on HB 2147, HD 2.



STATE OF HAWAII

HAWAII TEACHER STANDARDS BOARD

650 IWILEI ROAD, SUITE 268
HONOLULU, HAWAII 96817

March 3, 2026

WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

PERSON TESTIFYING: Mitzie Higa, Licensing Specialist, on behalf of the Hawai'i Teacher Standards Board (HTSB)

DATE: March 3, 2026

TIME: 2:00 pm

LOCATION: Conference Room 308 and Video Conference

TITLE OF BILL: HB 2147 HD 2 Constitutional Amendment; Public Education; Residential Investment Property Surcharge (ConAm)

POSITION: Supports HB 2147HD2

Chair Todd and Members of the House Committee on Finance:

The Hawai'i Teacher Standards Board supports HB2147,HD2, PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION.

Our state desperately needs to amend our State Constitution to guarantee ample learning opportunities for our keiki. Every year, we continue to lose approximately 45- 50 percent of our teachers after five years. Not having sufficient funds has contributed to low teacher pay and is the primary driver of teacher turnover, not being able to lower class sizes due to fiscal constraints and not having enough licensed teachers who stay in our public schools, including our public charter schools. A Stanford University analysis found that raising teacher wages by 10 percent reduces high school dropout rates by 3 to 4 percent. Similarly, a Florida study showed that pay raises reduced teacher attrition by as much as 25 percent for hard-to-fill subject areas, with children's learning growth gaining from more exposure to experienced licensed educators.

Furthermore, according to the National School Supply and Equipment Association, public school teachers annually spend \$1.6 billion of their discretionary income on supplementary school supplies and instructional materials, showing the lack of adequate resources in our public schools in Hawai'i. On average, teachers surveyed spent a total of \$485 + on school supplies and instructional materials, with even more spending over \$1,000 of personal income each school year since the pandemic. Insufficient funding has led to our teacher shortage crisis.

We need to right the wrongs of the past and have part of property taxes, from second homes, not owner-occupied homes, go toward our public schools. We continue to be the only state in the nation that doesn't use some part of property taxes to help fund our public schools, keeping our local residents in mind, this

Constitutional Amendment will be a surcharge on investment residential properties over \$3 million in value, that are non-owner occupied homes, thus protecting our local workforce, including our teachers.

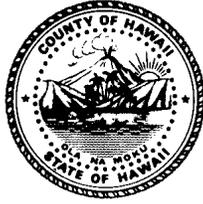
These funds could help us retain our licensed teachers and help us maintain the quality of our teacher workforce, attracting and retaining our best and brightest to continue to teach in our public schools, including our public charter schools. We as a state will be able to afford creating smaller class sizes that allow teachers to connect with each of their students, expand whole child education to include career and technical education and the arts, increase resources for our students with special needs, and provide professional pay that reflects the value of our licensed teachers.

At the same time, we can make Hawai'i more affordable. Over the past two decades, the pricing of housing in the islands has skyrocketed, even more since the pandemic. Our state's high cost of housing and renting is driven by real estate speculators using the islands as their personal Monopoly board. In levying a surcharge on investment properties, non-owner occupied residential housing worth \$3 million or over, and incentivizing low-income rentals, we are not only advancing our children's future, but ensuring that they aren't priced out of our state.

Thank you for allowing us to testify on this bill. **We ask for your support for this bill**, that will be put on a ballot, if passed, so those who live here, will be able to weigh in.

C. Kimo Alameda, Ph.D.
Mayor

William V. Brillhante Jr.
Managing Director



Diane Nakagawa
Finance Director

Malia A. Kekai
Deputy Director

County of Hawai'i

DEPARTMENT OF FINANCE - REAL PROPERTY TAX

Aupuni Center • 101 Pauahi Street • Suite No. 4 • Hilo, Hawai'i 96720-4224 • Fax (808) 961-8415
Appraisers (808) 961-8354 • Clerical (808) 961-8201 • Collections (808) 961-8282
West Hawai'i Civic Center • 74-5044 Ane Keohokalole Hwy. • Bldg. D, 2nd Flr. • Kailua Kona, Hawai'i 96740
Fax (808) 327-3538 • Appraisers (808) 323-4881 • Clerical (808) 323-4880

TESTIMONY OF
LISA MIURA
REAL PROPERTY TAX ADMINISTRATOR, COUNTY OF HAWAI'I

BEFORE THE COMMITTEE ON
FINANCE
REPRESENTATIVE CHRIS TODD, CHAIR
REPRESENTATIVE JENNA TAKENOUCI, VICE CHAIR

TESTIMONY ON HB 2147, HD2
RELATING TO RESIDENTIAL PROPERTY SURCHARGE

TUESDAY, MARCH 3, 2026
STATE CAPITOL CONFERENCE ROOM 308
VIA VIDEOCONFERENCE 2:00PM

Chair Todd, Vice Chair Takenouchi and Members of the Committee:

My name is Lisa Miura, Real Property Tax Administrator for the County of Hawai'i. I am submitting this testimony in **opposition of HB2147, HD2 as written** which would print the following question on the ballot *"Shall the Hawaii State Constitution be amended to: (1) Repeal the counties' exclusive authority to exercise functions, powers and duties relating to the taxation of real property; and (2) Authorize the legislature to establish, through the enactment of legislation, a state surcharge on real property taxation levied by the counties on residential investment properties valued at \$3,000,000 or more, exempting from the surcharge any property that serves as an owner's primary residence, for the purpose of helping to fund public education for all of Hawaii's children and adults?"*

The County of Hawai'i supports and understands the legislature's intention to address the need of all Hawai'i keiki to have the best education system which requires additional and adequate funding. We also acknowledge that owners of higher valued properties without a homeowner exemption most likely are not filing State of Hawai'i N-11 income tax returns which results in an overall disproportionate amount of taxes being paid by this sector of property owners to the State of Hawai'i whether it is through income tax, GE Tax or fuel tax.

The County has multiple concerns with this bill as written including:

- 1) The bill includes the following "...and all machinery and other mechanical or other allied equipment..." ***The County of Hawai'i real property tax system does not include personal property or business property.***
- 2) Residential investment property as defined in the bill. ***Each county may define the owner's primary residence differently. For the County of Hawai'i there is a residential tax class which does include properties with an owner hosted short term vacation rental or owner occupied structure with some type of commercial activity. The tax tiers at each County are set up independently of each other and those tax rates differ from county to county. The County of Hawai'i County Council has a bill currently before them for a 3rd residential tax tier to balance the County budget.***

There is no limit to the amount of additional funding which is being requested and there is no review at a taxpayer level (at the respective counties) of how this funding will be allocated. County services are predominantly reliant on real property taxes. This bill begins to chip away at the Constitutional Convention's decision to keep real property taxes handled at a local (county) level. Our concern is that once this door opens, more and more taxes will be pushed onto the Counties to collect through real property tax rather than across the multiple tax sources which the State already controls.

Mahalo for this opportunity to provide input and testimony on this measure.

Lisa Miura
Real Property Tax Administrator
County of Hawai'i



1200 Ala Kapuna Street • Honolulu, Hawai'i 96819
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Osa Tui, Jr.
President

Logan Okita
Vice President

Cheney Kaku
Secretary-Treasurer

Andrea Eshelman
Executive Director

TESTIMONY TO THE HAWAI'I HOUSE COMMITTEE ON FINANCE

Item: HB 2147, HD2 – Proposing amendments to Articles VIII and X of the Constitution of the State of Hawai'i to authorize the legislature to establish a surcharge on residential investment property to increase funding for public education.

Position: Support

Hearing: Tuesday, March 3, 2026, 2:00 pm, Room 308

Submitter: Osa Tui, Jr., President - Hawai'i State Teachers Association

Dear Chair Todd, Vice Chair Takenouchi, and members of the committee,

The Hawai'i State Teachers Association **supports** H.B. 2147, HD2, to address the chronic underfunding of our public education system. This persistent lack of resources has led to overcrowded classrooms, aging facilities, and teacher salaries that struggle to remain competitive. These issues undermine the quality of education and the State's ability to maintain a stable, qualified educator workforce.

This constitutional amendment provides a necessary mechanism to generate dedicated revenue by establishing a surcharge on high-value residential investment properties. By focusing on investment properties valued at \$3,000,000 or more—while exempting primary residences and affordable housing—the bill creates a sustainable funding source without burdening local families.

We urge the committee to pass H.B. 2147, HD2 to secure a reliable and sustainable future for our public schools. This measure is a vital step toward providing the dedicated resources necessary to modernize aging facilities and ensure that every student in Hawai'i receives the high-quality education they deserve.

Mahalo.

March 3, 2026

The Honorable Chris Todd, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 2147, HD2, PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION.

HEARING: Tuesday, March 3, 2026, at 2:00 p.m.

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 10,000 members. HAR **opposes** House Bill 2147, HD2, which proposes amendments to the Hawai'i State Constitution to repeal the counties' exclusive power to tax real property, and to authorize the Legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties, for the purpose of helping to fund public education for all of Hawai'i's children and adults. Effective 7/1/3000.

While Hawai'i REALTORS® supports education, we are deeply concerned that an additional property tax surcharge for residential investment property will add to the cost of housing and rentals. There's a misconception that such taxation solely affects the wealthy or luxury properties. This surcharge will also directly impact workforce housing, including multi-family units and walk-ups in our State. The repercussions of any surcharge on property tax could be passed on to renters, further adding to the financial burden of residents in our State already grappling with high costs of living and housing.

The Economic Research Organization at the University of Hawai'i's ("UHERO") Hawai'i Housing Fact Book highlights the stark reality that "Hawai'i has the highest home prices in the nation. The median home in Hawai'i is 16% more expensive than California, the next most expensive state, and nearly triple the median US price."¹ The report further adds that, "Hawai'i remains in a severe housing crisis. High prices and mortgage rates have made homeownership unaffordable for most residents. Housing production remains slow, with county and state regulatory barriers posing a major obstacle to new construction."

¹ UHERO. (May 14, 2025). *The Hawai'i Housing Factbook 2025*. <https://uhero.hawaii.edu/wp-content/uploads/2025/05/HawaiiHousingFactbook2025.pdf>



 808-733-7060

 808-737-4977

 1259 A'ala Street, Suite 300
Honolulu, HI 96817

Increasing the supply of housing in Hawaii is essential to solving the housing crisis. A residential investment surcharge is counterproductive to efforts to help increase the supply of housing so that our keiki can have a place to call home.

Mahalo for the opportunity to testify on this measure.





HOUSE BILL 2147, HD2, RELATING TO PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION.

MARCH 3, 2026 · FIN HEARING

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports HB 2147, HD2, which proposes amendments to the Hawai'i State Constitution to repeal the counties' exclusive power to tax real property, and to authorize the legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties, to help fund public education for all of Hawai'i's children and adults.

Hawai'i is unique among U.S. states in that it does not fund public schools through local property taxes. Instead, nearly all K-12 education funding comes from state general revenues. According to the Hawai'i State Department of Education and national education finance data, Hawai'i is the only state in the nation that does not use property tax revenue to fund public education, leaving schools reliant on legislative appropriations from the general fund.

Because Hawai'i lacks a local property tax base for schools, the share of public revenue devoted to education is comparatively low. A statewide fiscal review conducted by University of Hawai'i researchers shows that the state allocates about 15.1 percent of state and local expenditures to K-12 education, well below the U.S. average of 21.5 percent and toward the bottom among all

states. This structural funding reality is compounded by Hawai'i's historically low property tax rates, which are among the lowest in the nation according to Kiplinger's 2025 property tax rankings, with an effective rate of around 0.32 percent of assessed value, even while Hawai'i consistently ranks among the states with the highest median home values. Because property tax revenues are not available for schools, the legislature must choose between competing priorities from a constrained general fund, leaving public education without stable, dedicated revenue sources that many other states rely on to support teacher pay, class size reduction, school facilities, and student services.

Under the current structure, Hawai'i's single statewide school district also means that local flexibility and additional revenue capacity—which are typical of school districts that can benefit from robust property tax bases elsewhere—are absent here. Whereas in most states local property taxes account for a large share of school funding, in Hawai'i nearly 85 percent of public school revenues come from the state.

The consequences of under-resourced public education are visible in our schools: teacher shortages that leave hundreds of classrooms without qualified instructors, insufficient support for bilingual and special education students, aging facilities in need of repair, and cuts to enrichment programs that nurture the whole child. Without dedicated revenue mechanisms, Hawai'i's public schools are perpetually dependent on annual appropriations that can fluctuate with economic conditions and political pressures, undermining long-term planning and stability.

This measure expands the state's revenue-raising authority to include a surcharge on residential investment property, a targeted approach that would generate funds dedicated to public education while protecting families' primary residences. This constitutional amendment lays the groundwork for a more equitable, predictable, and sustainable funding system for Hawai'i's schools. By ensuring that property owners who benefit from Hawai'i's high-value real estate market contribute to the public education system that supports our future workforce and community, this measure honors both fiscal responsibility and educational equity.

Finally, the question contained in this measure is significantly different than the question that was ballot question in S.B. No. 2922, H.D. 1, Regular Session of 2018, which was declared invalid by

the Hawaii Supreme Court. The question contained in S.B. 2922 read: "Shall the legislature be authorized to establish, as provided by law, a surcharge on investment real property to be used to support public education?" In contrast, set forth as in this proposal is: "Shall the Hawaii State Constitution be amended to: (1) Repeal the counties' exclusive authority to exercise functions, powers, and duties relating to the taxation of real property; and (2) Authorize the legislature to establish, through the enactment of legislation, a state surcharge on real property taxation levied by the counties on residential investment properties valued at \$3,000,000 or more, exempting from the surcharge any property that serves as an owner's primary residence, for the purpose of helping to fund public education for all of Hawaii's children and adults?" Moreover, this measure contains definitions of "residential investment property" and "surcharge," along with a property value of \$3,000,000 at which the surcharge would apply. None of these items were contained in S.B. 2922, furthering highlighting the variance in specificity between this measure and its legislative predecessors. Any arguments to the contrary are based on ideology, not legality.

Contact: educationcaucusdph@gmail.com · 808-679-7454



Hawai'i Scholars for Education, Social Justice, and Diversity

<https://hawaiischolars.weebly.com> | infohsesj@gmail.com | [@hsesjd_socials](#)

TESTIMONY TO THE HAWAII HOUSE COMMITTEE ON FINANCE

- Item:** HB 2147 – Proposing amendments to Articles VIII and X of the Constitution of the State of Hawai'i to authorize the legislature to establish a surcharge on residential investment property to increase funding for public education.
- Position:** Support
- Hearing:** Tuesday, March 3, 2026, 2:00 pm, Conference Room 308
- Submitter:** Waynele Yu on behalf of Hawai'i Scholars for Education, Social Justice, and Diversity

Aloha Chair Todd, Vice Chair Takenouchi, and members of the Committee:

The Hawai'i Scholars for Education, Social Justice, and Diversity is a volunteer group of researchers in Hawai'i who conduct, review, and disseminate research related to education and social justice in Hawai'i. Our goal is to use research to promote dialogue and create an informed consciousness about public education in our State. We are in **strong support** of HB 2147. This measure is a vital step toward addressing the chronic underfunding of Hawai'i's public schools.

Our [5th Research Brief](#), evidencing this chronic underfunding, was endorsed by over 100 signatories. One of the policy recommendations in this brief was for the State Legislature to prioritize increased and permanent funding for public education. The proposed surcharge on investment properties can serve as an essential means for providing such funding. This testimony highlights several key points from the brief that underscore why this amendment is necessary.

The Reality of Chronic Underfunding

Already ranking among the lowest in the nation for the percentage of state and local expenditures dedicated to K-12 education, state funding for public education declined by 7% in 2024 despite Hawai'i's budget surplus. Federal funding is also declining, with the expiration of \$640 million in pandemic relief in late 2024, and an anticipated 16% cut of overall education funding in FY2026 ([Learning Policy Institute](#)).

Impact on Students and Educators

The chronic underfunding of our public education system creates a system of ethnic and economic disparities. Native Hawaiians, Filipino Americans, and other ethnic minority groups constitute 68% of public school students. These students continue to be underrepresented at the University of Hawai'i at Mānoa. Underfunding also affects teacher salaries and workplace conditions, major factors of teacher attrition.

Funding matters in education. Clear evidence shows that quality education is expensive, and there are few low-cost alternatives to well-funded schools. Increased funding for public education raises student achievement and performance, influencing high school graduation rates and college-going, and leading to higher incomes in adulthood. The funds raised by the surcharge can be used towards programming that nurtures “the whole child,” such as the arts, PE, and afterschool enrichment, as well as Pre-K programs. The surcharge can also address the

persistent teacher shortage by improving salaries, offsetting costs associated with teacher preparation, and compensating mentors of pre-service teachers.

Education as an Economic and Social Investment

Investing in public education is an investment in Hawai'i's economy. Quality education leads to higher graduation rates, increased college enrollment, and higher lifetime earnings for residents. Better-funded public education is related to lower poverty, which benefits everyone in the community by decreasing homelessness and other social problems.

In summary, we urge you to move this bill forward because public education benefits all Hawai'i residents, and we all have a shared kuleana to Hawai'i's public schools. The surcharge affects wealthy landowners, many of whom may not live here. Public policies have a history of serving the interests of landowners. This bill aims to serve more than 165,000 students, their families, and their 13,000 teachers. Mahalo for your consideration.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONSTITUTIONAL AMENDMENT, Residential Investment Property Surcharge for Public Education

BILL NUMBER: HB 2147 HD2

INTRODUCED BY: JHA

EXECUTIVE SUMMARY: Proposes amendments to the Hawai'i State Constitution to repeal the counties' exclusive power to tax real property, and to authorize the Legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties, for the purpose of helping to fund public education for all of Hawai'i's children and adults.

SYNOPSIS: The bill proposes a constitutional amendment to empower the legislature to establish a surcharge on residential investment property valued at three million dollars or greater.

“Residential investment property” is defined as all real property including apartments and condominiums and appurtenances thereto, including buildings, structures, fences and improvements erected on or affixed to such real property, and any fixture that is erected on or affixed to the land, buildings, structures, fences and improvements; and all machinery and other mechanical or other allied equipment, and the foundations thereof, that are dedicated for residential use and that do not serve as the owner’s primary residence; provided that the surcharge shall not apply to any affordable housing development that is subject to a regulatory agreement with the State or county.

“Surcharge” means an additional amount imposed on an existing tax.

The ballot question is: “Shall the Hawaii State Constitution be amended to:

- (1) Repeal the counties' exclusive authority to exercise functions, powers, and duties relating to the taxation of real property; and
- (2) Authorize the legislature to establish, through the enactment of legislation, a state surcharge on real property taxation levied by the counties on residential investment properties valued at \$3,000,000 or more, exempting from the surcharge any property that serves as an owner's primary residence, for the purpose of helping to fund public education for all of Hawaii's children and adults?”

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: It is contended that public schools have been underfunded, consequently, the constitutional amendment is needed to provide the State the ability to increase funding for public education from surcharges on residential investment property valued at \$3M or more.

“Residential investment property” is broadly defined to include fixtures erected or affixed to real property improvements and mechanical equipment that are dedicated for residential use.

What is troubling is there are no limits on the proposed tax. If the constitutional amendment is approved, legislators are free to implement legislation when it determines funding is needed. It could be the year the amendment is approved, or the next year, or the year after that. They could change it to impose the surcharge on all “residential investment” property as long as the property value is \$3 million or more. They could set the surcharge rate. They could do all these things because the constitutional amendment gives the legislature this power. In other words, once the amendment passes, the genie is out of the bottle. It may not even be under control of the members now in the legislature, because future legislators (note that this year is an election year) may have different ideas from current members.

We need to ask ourselves if we want to or need to give the genie that much power. If we do, then we only have ourselves to blame for what happens when the genie does come out. If we don't, then we should either kill the constitutional amendment or write strict limits into it.

The assumption that additional funding is needed is based on declining educational funding statistics and does not address whether the DOE is able to efficiently spend its existing resources. Indeed, the 2023 episode with DOE proposing to lapse hundreds of millions of dollars in already funded projects because they are unable to get them built (<https://www.civilbeat.org/beat/house-abruptly-cancels-hearing-on-plans-to-lapse-school-construction-funds/>) underscores this point. Until DOE can actually utilize the money thrown their way, there is little justification for an increase in financial resources.

Digested: 3/1/2026

To: House Committee on Finance
Re: **HB2147 HD2 – Proposing amendments to Articles VIII and X of the Constitution of the State of Hawai'i to Authorize the Legislature to establish a surcharge on residential investment property to increase funding for public education**
Hawai'i State Capitol & Via Videoconference
March 3, 2026, 2:00 PM

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of HB2147 HD2**. This bill proposes amendments to the Hawai'i State Constitution to repeal the counties' exclusive power to tax real property, and to authorize the Legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties, for the purpose of helping to fund public education for all of Hawai'i's children and adults.

Hawai'i ranks among the lowest of states in percentage of state and local expenditures supporting K–12 education — 15.1% compared to U.S. average 21.5%¹ — leading to chronic underfunding of public schools. This underfunding results in deteriorating facilities, low teacher pay, and inadequate programs and resources.

This bill would provide a new revenue mechanism to help address the chronic underfunding our schools face and help ensure a quality education for all of Hawai'i's children.

By focusing on **residential investment properties**, especially higher-value properties, the surcharge would ensure that those with greater capacity contribute proportionately to an essential public good. This mechanism does not increase taxes on primary residences, protecting local homeowners while targeting resources from owned by investors.

Every dollar invested in quality education returns value through a better-prepared workforce, stronger civic engagement, and healthier communities. Supporting our students means building a stronger future workforce and enhancing Hawai'i's competitiveness and quality of life.

Mahalo for the opportunity to provide this testimony. **Please pass HB2147 HD2.**

¹ <https://www.hawaii.edu/news/2025/01/29/underfunding-hawaii-public-schools/>

March 3, 2026, 2 p.m.
Hawaii State Capitol
Conference Room 308 and Videoconference

To: House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

From: Ted Kefalas, Director of Strategic Campaigns
Grassroot Institute of Hawaii

TESTIMONY OPPOSING HB2147 HD2 — PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION.

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **opposes** [HB2147 HD2](#), which proposes amending the state Constitution to allow a state property tax surcharge on homes that are valued at \$3 million or greater and are not the owner's primary residence.

The stated purpose of this proposal is to benefit public education; however, that is a dramatic break with historical precedent regarding Hawaii's property tax system and the state's method of funding public education. There is a reason that the Hawaii Constitution bars the state from levying property taxes, making it the exclusive domain of the counties and a significant revenue generator for them. Inserting state taxation into this scheme frustrates that intent and opens the door to yet more state capture of county revenues.

As with any proposed tax increase, this proposal threatens to increase the cost of living in Hawaii, as well as add to the burden of Hawaii homeowners at the very moment our counties are searching for ways to offset soaring property taxes due to increased valuations.

The bill's proponents might believe that limiting the tax to homes valued at \$3 million or more will not affect average homeowners, but the effects of a tax hike cannot be segregated from the rest of the economy. What affects one segment of the housing market will ripple through the state's housing market as a whole.

For example, the proposed tax surcharge could incentivize the purchase and construction of housing under the threshold, creating a domino effect that would reduce housing availability and affordability in this “middle” tier.

Furthermore, if land-use, zoning and other regulations continue to go unaddressed, which limits homebuilding, one should not assume that a \$3 million home will remain a high-value investment property in Hawaii.

Over time, the \$3 million threshold envisioned in this bill could slide out of the high-value investment category and become a burden to more and more homeowners, affecting rental prices and further increasing the cost of housing in Hawaii.

Hawaii’s residents and businesses need a break from new taxes, tax increases, fees and surcharges. The last attempt to amend the Hawaii Constitution to allow for state property taxes ended in a lawsuit and a poor showing at the polls. Hawaii residents are already “voting with their feet” to flee the state’s high taxation. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to submit our comments.

Sincerely,

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

Law Office of Georgette A. Yaindl, LLLC
Georgette Anne Yaindl 8940
P.O. Box 307
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March 1, 2026

Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
Committee on Finance
House of Representatives
33rd Legislature, State of Hawai`i

via: <http://www.capitol.hawaii.gov>

Dear Committee leadership and members,

Re: **OPPOSITION TO HB2147 HD2 PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION**

DATE: Tuesday, March 3, 2026
TIME: 2:00 p.m.
PLACE: Conference Room 308 & Videoconference
State Capitol
415 South Beretania Street

This bill proposes amending the state Constitution in order to facilitate a state property tax on homes that are valued at \$3 million or greater and are not the owner's primary residence for the purpose of funding the State Dept. of Education.

The grounds for opposing this bill were perfectly articulated by The Grassroot Institute in its testimony on the HB2147 and its HD1 submitted, respectively, to the House Committees on Education and Judiciary and Hawaiian Affairs:

*The stated purpose of this proposal is to benefit public education; however, that is a dramatic break with historical precedent regarding Hawaii's property tax system and the state's method of funding public education. There is a reason that the Hawaii Constitution bars the state from levying property taxes, making it the exclusive domain of the counties and a significant revenue generator for them. **Inserting state taxation into this scheme frustrates that intent and opens the door to yet more state capture of county revenues.***

“Capture is kind. Expropriation is more on the mark. Consider, please, that counties do the work in enforcing and prosecuting traffic law but 100% revenue from fines is paid into the State’s general fund. The State of Hawai`i is the only state in the USA that does not fund public transportation, yet charges an administrative fee to the counties to do the accounting for the counties’ .05% HIGET surcharge. The State has reduced the counties’ share of TAT revenue. The State collects and retains 100% car rental taxes, and of course 100% HIGET.

Consider, please, Hawai`i island in particular, where if land was my hand, the amount of tax paying real estate is the size of my little finger while the rest is State and federally owned, federally leased, or is nontaxable land held by charitable trusts. The State makes no payments in lieu of taxes for State-titled property to the counties, yet obviously benefits from county expenditures of police, fire, rescue, roads, water, sewage, wastewater, and other services.

And SD2 does not address the concerns raised by the Tax Foundation of Hawai`i in its testimony before the previous committees, including:

What is troubling is there are no limits on the proposed tax. If the constitutional amendment is approved, legislators are free to implement legislation when it determines funding is needed. It could be the year the amendment is approved, or the next year, or the year after that. They could change it to impose the surcharge on all “residential investment” property as long as the property value is \$3 million or more. They could set the surcharge rate. They could do all these things because the constitutional amendment gives the legislature this power. In other words, once the amendment passes, the genie is out of the bottle. It may not even be under control of members now in the legislature, because future legislators (note that this year is an election year) may have different ideas from current members. We need to ask ourselves if we want to or need to give the genie that much power. then we only have ourselves to blame for what happens when the genie does come out.

The problems with public education funding in our state are profound and will not be solved by the State’s usurpation of counties’ exclusive property tax revenue-generating authority. Please kill this bill, mahalo.

Thank you for your consideration of my testimony. Aloha.

/s/ Georgette A. Yaindl
GEORGETTE ANNE YAINDL

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Councilmembers
K. Kauano'e Batangan
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 2, 2026

TO: The Honorable Chris Todd, Chair
House Committee on Finance

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF MARCH 3, 2026; TESTIMONY IN OPPOSITION TO HB 2147, HD2, PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION**

I **oppose** this measure to propose amendments to the Hawai'i State Constitution to repeal the counties' exclusive power to tax real property and to authorize the Legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **oppose** this measure for the following reasons:

1. Real property tax is the counties' primary revenue source. Allowing the State to impose a surcharge on county real property taxes would be an undue erosion of county governments' ability to perform its core functions for constituents.
2. Although described as authorizing a mere "surcharge," the proposal effectively allows for a State tax to be layered on top of a county tax, creating uncertainty for taxpayers and complicating administration of the real property tax system.
3. The proposed ballot question combines two proposals—repealing counties' exclusive authority over real property taxation and authorizing a new surcharge—which may limit voters' ability to evaluate these significant constitutional changes.

Thank you for your consideration.

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

HB 2147 – RELATING TO THE CONSTITUTIONAL AMENDMENT FOR EDUCATION FUNDING

TO: Chair Chris Todd, Vice Chair Jenna Takenouchi, and Members of the Finance Committee

FROM: Corey Rosenlee

RE: SUPPORT

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

I am in strong support of SB 2147. As a teacher lets go over the facts.

1. Hawaii is the only state in the entire nation that in no way uses property taxes to fund our public schools.

<https://usafacts.org/answers/how-are-public-schools-in-the-us-funded/country/united-states/>

2. Hawaii ranks last in the nation in the percent of state and local expenditures for public education.

<https://doe-arch-prod-reports-repository-565393024988.s3.us-west-2.amazonaws.com/hidoe-data-book/2024/2024HIDOEDatabook.pdf>, p.10

3. Hawaii has the lowest property taxes in the nation.

<https://taxfhttps://www.civilbeat.org/2019/04/doe-lays-out-a-10-year-road-map-for-fixing-old-schools-building-new-ones/oundation.org/data/all/state/property-taxes-by-state-county/>

4. Hawaii is ranked as the worst state for teachers.

[https://www.khon2.com/local-news/study-hawaii-is-the-worst-state-for-teachers/#:~:text=According%20to%20WalletHub%2C%20New%20York,is%20\\$33%2C327%2C%20according%20to%20WalletHub.&text=On%20top%20of%20that%2C%20teachers,balanc ed%20personal%20and%20professional%20life.](https://www.khon2.com/local-news/study-hawaii-is-the-worst-state-for-teachers/#:~:text=According%20to%20WalletHub%2C%20New%20York,is%20$33%2C327%2C%20according%20to%20WalletHub.&text=On%20top%20of%20that%2C%20teachers,balanc ed%20personal%20and%20professional%20life.)

5. Hawaii has over 1000 teacher positions filled by emergency hires or vacant.

<https://www.civilbeat.org/2026/02/unlicensed-teachers-want-to-work-in-hawaii-schools-for-longer/>

6. Hawaii school facilities have \$7 billion in “top priority” capital needs.

<https://www.civilbeat.org/2019/04/doe-lays-out-a-10-year-road-map-for-fixing-old-schools-building-new-ones/>

7. 55% of Hawaii students have special needs (Economically disadvantaged, special education, English learner)

<https://doe-arch-prod-reports-repository-565393024988.s3.us-west-2.amazonaws.com/hidoe-data-book/2024/2024HIDOEDatabook.pdf>

8. Only 25% of Hawaii students passed the Math SBA, only 36% passed the science SBA, for the ACT only 16% and 17% are college ready for math and science.

<https://www.hawaiidxp.org/data-products/college-and-career-readiness-indicators-summary-reports/>

Hawaii doesn't use a funding mechanism that is used by every other state to fund education. Our teachers are underpaid leading to shortages, our facilities are not funded and in a state of disrepair. This impacts our keiki.

We are not asking for something Hawaii has never done. In 1975, our teachers were the **5th best paid** in America. Hawaii had a teacher surplus. According to the *Honolulu Star-Bulletin* (Dec. 19, 1984), our students once ranked **16th in the nation** on SAT scores.

All this bill is asking for is allowing the people to vote. Let the people vote.

In 2018, we started a conversation that was cut short by the courts. Every single legislator, except one voted to pass the Conam. Today, you have the chance to finish it. All this bill is asking for is allowing the people to vote. Let the people vote. Give our keiki the schools they actually deserve.

Mahalo,

Corey Rosenlee

Testimony to House Committee on Finance
in Support of HB2147

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
March 2, 2026

My name is Jonathan Y. Okamura, and I am Professor Emeritus in ethnic studies at the University of Hawai‘i at Mānoa. I have conducted research and written on educational inequality and more generally on ethnic inequality in Hawai‘i for almost forty years. Most recently, I co-wrote a research brief on “The Chronic Underfunding of Hawaii’s Public Schools” (<https://hawaiischolars.weebly.com/research-briefs.html>) with my colleagues in Hawai‘i Scholars for Education, Social Justice and Diversity, which is cited in the text of HB2147.

As our brief argues, the primary problem facing the K-12 public schools is their long-term underfunding, which is the main reason why I express my full support of HB 2147. The bill provides a viable means to raise critically needed funds for the public school system without adding to the tax burden of the overwhelming majority of Hawai‘i residents.

As currently written, the provisions in HB2147 would not apply to the vast majority of Hawai‘i homeowners because only residential investment property valued at \$3 million or higher will be affected. Even if someone’s home is valued at \$3 million or more, the bill’s provisions still will not apply if it is the homeowner’s primary residence. The great majority of homeowners will not have to pay the surcharge on their real property tax because the median sales price of a single-family home in Hawai‘i is \$1,128,000, according to a January 2026 Locations report.

Funds are badly needed for the public schools to alleviate the chronic shortage of qualified teachers. For several decades, the schools have been opening each year in need of several hundred teachers, even after actively recruiting teachers from the continental U.S. and hiring emergency hire “teachers.” They are unqualified to be teachers because they lack a state-issued license to teach in Hawai‘i but are allowed in the classroom because of the teacher deficit.

For the 2022-2023 school year, the last year for which data are available, according to the DOE Office of Talent Management, almost one-half (47%) of about 1,600 newly hired teachers had only a bachelor’s degree, a proportion very comparable to that in the previous four years. Most of these unlicensed teachers also had no prior teaching experience, but they are allowed to teach for three years until they complete a state-approved teacher education program.

This practice of the DOE is highly objectionable because Native Hawaiians and Filipino Americans, who are the largest groups in the public schools, and other ethnic minorities, together constitute about 70 percent of public school students. They are being denied equal educational opportunity by the hiring of unqualified teachers, which directly results from underfunding K-12 public education. It is no accident that those groups are hugely underrepresented at UH Mānoa.

I kindly request your support of HB2147 because by providing a feasible way to generate greatly needed funds for the public schools, it will foster equal educational opportunity, especially for Native Hawaiians and Filipino Americans. Thank you for your attention to this request.

HB-2147-HD-2

Submitted on: 3/2/2026 8:32:18 AM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Aulii Ebanez	Individual	Support	Written Testimony Only

Comments:

Aloha, my name is Auli'i Ebanez, and I respectfully support HB2147. I believe this bill provides a fair and targeted way to strengthen funding for public education by establishing a surcharge on high-value residential investment properties rather than primary homes. My brother works at Nānākuli Elementary School, and I have seen how additional resources positively impact the keiki there through improved facilities, classroom materials, and overall support for students and educators. Investing in education is an investment in Hawai'i's future, and I appreciate your consideration of this measure. Thank you :)

HB-2147-HD-2

Submitted on: 3/2/2026 9:36:40 AM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ross Isokane	Individual	Support	Written Testimony Only

Comments:

I am throwing my support in for any legislative initiative that has the intent of (or will result in) reducing the negative impact of global demand and speculative investment in our housing stock.

While I'd rather this be power continue to be maintained at the County level, if C&C elected/appointed officials aren't demonstrating any will/ability to adopt legislation that will address the excessive demand exacerbating our housing crisis (for example, supporting an Empty Homes Tax narrowly tailored to apply to outside investors which provides exemptions for units used as an owner/renter's primary residence), then I guess I'll have to support the State in getting something done to help us in this crisis.

TESTIMONY TO THE HAWAII HOUSE COMMITTEE ON FINANCE

Item: HB 2147 – Proposing amendments to Articles VIII and X of the Constitution of the State of Hawai'i to authorize the legislature to establish a surcharge on residential investment property to increase funding for public education.

Position: Support

Hearing: Wednesday, February 18, 2026, 2:00 pm, Conference Room 325

Submitter: Tuesday, March 3, 2026, 2:00 pm, Conference Room 308

Aloha Chair Todd, Vice Chair Takenouchi, and members of the Committee

I am in **strong support** of HB 2147. I am a former Hawai'i Department of Education (HiDOE) teacher and have served as a field supervisor for pre-service teachers placed at HiDOE schools throughout O'ahu for the past ten years. Throughout this time, I have observed how the underfunding of public education in Hawai'i is hindering the tremendous work of teachers and administrators in the State. This measure is a vital step toward addressing this issue.

Our public schools need repairs and increased resources from a consistent funding source. Funding matters in education and studies have shown that it raises student achievement and performance, increasing graduation rates and college-going rates, opening up more opportunities for students and higher incomes in adulthood. Increased funding can also help address the teacher shortage by improving salaries. Increased resources could provide schools with more teachers in critical areas such as special education and school counseling.

Like many of you on the committee, I am a graduate of public schools and earned degrees from the University of Hawai'i at Mānoa. My children also attend public schools. Without these opportunities, I would not be where I am today. Public education opportunities are essential to our community, creating opportunities for all of us to contribute and thrive. Please support public education and HB 2147.

Thank you,

E.Brook Chapman de Sousa

HB-2147-HD-2

Submitted on: 3/2/2026 10:39:24 AM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Colleen Rost-Banik	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd, Vice Chair Takenouchi, and members of the Finance Committee,

My name is Colleen Rost-Banik and I am writing in strong support of HB2147.

As an Instructor of Sociology at University of Hawaii, Manoa, I have seen first-hand the ramifications of the drastic underfunding of Hawaii’s public education system. Hawaii has abysmal rates of state and local expenditures on public education, ranking among the lowest of all states in the U.S.

The practice of leaving public education without adequate funds has the greatest impact on low-income families, and particularly students who are Native Hawaiian, Pacific Islander, and Filipino. Additionally, the consequences of underfunding lead not only to dilapidated facilities but also the shortage of teachers and counselors needed to help our children thrive. Each school year Hawai’i hires hundreds of emergency hires (without a teaching license) just to fill the most basic roles of education. Our keiki and our communities deserve much better.

HB2147 provides a way to augment funds for public schools by adding a surcharge on extra homes (not a primary residence) valued at \$3 million or more. This revenue stream for public schools only applies to those who can most afford it, and thus is a fair way to combat the chronic underfunding of public education.

I know the Finance Committee is very concerned about how to keep Hawaii's economy healthy. This bill provides a solid step in the right direction for a thriving economy.

I urge your support of HB2147.

Mahalo for your consideration.
Colleen Rost-Banik, Ph.D.

HB-2147-HD-2

Submitted on: 3/1/2026 9:20:13 AM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
lynne matusow	Individual	Oppose	Written Testimony Only

Comments:

I have a better idea. For each tax increase the legislators enact, including surcharges, there is a \$5,000 reduction in their pay. Read through the bills introduced this session and there is a proposal to pause tax reductions, increase fees for various funds, etc., etc., etc. This has to stop. Each incremental increase hurts us. We, your constituents who put you in office, have less money to spend, less disposable income. It will force more people to apply for the dole. We are strapped for cash. And all you do is look for ways to make the situation worse. Shame on you.

In addition, this is another attempt to whittle down the taxing powers of the counties. By the time the legislature is done the counties will not have any taxing powers and almost no way to raise funds. This is a terrible bill.

Please kill this bill now.

Lynne Matusow

March 1, 2026

Representative Chris Todd, Chair and Jenna Takenouchi, Vice Chair, Committee on Finance

Re: **Testimony in support of HB 2147.** Hearing on March 3, 2026, 2:00 pm

Dear Chair Todd, Vice Chair Takenouchi, and the Committee on Finance Members:

I am a professor, educational researcher, Chair of the Department of Educational Psychology at the University of Hawai'i at Mānoa, Kalani High School graduate, and mother of two sons who attended Hawai'i public schools, I was also the founding president of the non-profit organization Parents for Public Schools of Hawai'i. **I writing in strong support of HB 2147.**

HB 2147 proposes an amendment to the Hawai'i State Constitution which would allow the legislature to establish a state surcharge on real property taxes on residential investment properties valued \$3 million dollars or more to support public education in our State. It targets those who clearly are not the "average Hawai'i resident" to invest in the future of our local community by supporting public education, while they make money for themselves from land and property in Hawai'i.

Hawai'i ranks among the lowest of all states in percentages of state and local expenditures supporting K-12 education. **Despite the rising cost of living in Hawai'i, funding for public education has decreased.** For example, in 2024, despite a budget surplus, funding for public education decreased by 7%.

Research shows that funding matters in education. There is clear evidence that quality education is expensive and there are few low-cost alternatives to well-funded schools. **More funding is needed for teacher preparation and retention.** Salary differentials redistributed the educator workforce and addressed some needs, but did not solve the teacher shortage. Research indicates that given all factors under the school's control, teachers have the greatest impact on student learning and achievement. Increased funding can address teacher recruitment, preparation, and attrition.

Adequate funding of public education is an equity issue, as Native Hawaiian and Filipino students make up the largest groups of students in our public education. These groups are among those who are the most underrepresented in higher education. **Students from the neighbor islands and rural areas of our State are often overlooked and do not have access to the same resources as those in Honolulu.** Increased funding can assure that all students have an opportunity to succeed in school and life.

HB2147 can support local students as they transition to college. This school year, the University of Hawai'i lost nearly \$90 million due to the Trump administration's termination or suspension of grants and other assistance. Students from low income and underrepresented groups need support to attend and graduate from the University of Hawai'i. HB2147 can support these efforts.

I urge your action to significantly increase educational funding at a time when Hawai'i's families need your support. **Most children in Hawai'i attend public schools. Please invest in them and our shared future and support HB 2147.**

Aloha,



Lois A. Yamauchi, PhD
Professor of Education and Mānoa resident

HB-2147-HD-2

Submitted on: 3/1/2026 12:44:25 PM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rain K. Kahula Yong	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee,

I am writing in support of continued discussion and careful consideration of this proposed constitutional amendment to authorize the Legislature to establish a surcharge on certain residential investment properties to increase funding for public education.

As an educator, I strongly support efforts that create sustainable and equitable avenues to strengthen Hawai'i's public education system. Our schools continue to face funding challenges, and our students deserve consistent investment in academic programs, workforce pathways, technology, and student support services.

At the same time, I recognize that amending the Constitution and adjusting taxation authority is a significant decision that requires thoughtful analysis and transparency. Any changes should ensure fairness, clarity, and long-term stability for our communities.

If structured responsibly, this proposal could represent a meaningful step toward prioritizing public education and creating stronger opportunities for all learners across our state.

Mahalo for your time and consideration.

Respectfully,

Rain Yong, second grade teacher at Ka Waihona o ka Na'auao PCS

Leeward Chapter

HB-2147-HD-2

Submitted on: 2/28/2026 2:10:03 PM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
David Ball	Individual	Support	Written Testimony Only

Comments:

Dear Chair Todd and Vice-Chair Takenouchi,

I am writing in strong support of this vital legislation.

With aloha,

David Ball

Waialae-Kahala

HB-2147-HD-2

Submitted on: 3/2/2026 6:25:41 PM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
D.B.	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee, thank you for the opportunity to testify. I respectfully oppose HB2147 HD2 because allowing the State to impose a surcharge on residential investment property sets a precedent that could open the door for future surcharges on other property types or purposes. While the bill aims to increase education funding, it does so by weakening the long-standing constitutional structure that reserves real property taxation to the counties, as stated on page 5 of the bill, where this authority would be repealed and replaced with new State taxing power. Once this boundary is crossed, there is little to prevent additional expansions of State-level surcharges in the future, creating long-term uncertainty for property owners and undermining local control. For these reasons, I respectfully urge the Committee to reject this measure.

HB-2147-HD-2

Submitted on: 3/3/2026 9:28:23 AM

Testimony for FIN on 3/3/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Terri Yoshinaga	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill.