

JAN 24 2018

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 general fund of the State.

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



1 Lagging state education expenditures drive Hawaii families to
2 compete for private school enrollment, leaving Hawaii with one
3 of the 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
19 State, except so much thereof as may be delegated by the
20 legislature to the political subdivisions, and except that all
21 functions, powers and duties relating to the taxation of real



1 property shall be exercised exclusively by the counties, with
2 the 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
2 childhood education and care facilities serving the general
3 public; and

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

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

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



1 the foundations thereof, and including apartments and
2 condominiums, that is dedicated for residential use and for
3 which the owner does not qualify for a homeowner's exemption.

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

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

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



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1 one million dollars or greater, excluding a homeowner's
2 primary residence, as 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.

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S.B. NO. 2922

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 provided by law, a surcharge on residential investment property and visitor accommodations.

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