
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
 5 Article X, Section 1. The legislature shall have the power to
 6 apportion state revenues among the several political
 7 subdivisions."

8 SECTION 3. Article X, section 1, of the Constitution of
 9 the State of Hawaii is amended to read as follows:

10 "PUBLIC EDUCATION

11 Section 1. The State shall provide for the establishment,
 12 support and control of a statewide system of public schools free
 13 from sectarian control, a state university, public libraries and
 14 such other educational institutions as may be deemed desirable,
 15 including physical facilities therefor. There shall be no
 16 discrimination in public educational institutions because of
 17 race, religion, sex or ancestry; nor shall public funds be
 18 appropriated for the support or benefit of any sectarian or
 19 nonsectarian private educational institution, except that
 20 proceeds of special purpose revenue bonds authorized or issued



1 under section 12 of Article VII may be appropriated to finance
2 or assist:

3 1. Not-for-profit corporations that provide early
4 childhood education and care facilities serving the general
5 public; and

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

9 The legislature may establish a surcharge on visitor
10 accommodations and on residential investment property valued at
11 one million dollars or more for which the owner does not qualify
12 for a homeowner's exemption, as provided by law, to fund public
13 education for Hawaii's children. Proceeds from the surcharge
14 may be used for recruitment and retention of teachers, public
15 preschools, reduction in class sizes, special education
16 programming, career and technical education, art, music,
17 Hawaiian studies, Hawaiian language instruction, afterschool
18 programs, and such programs and projects as the legislature may
19 authorize by law."

20 SECTION 4. The question to be printed on the ballot shall
21 be as follows:



1 "Shall the legislature be authorized to establish a
2 surcharge on visitor accommodations and on residential
3 investment property, excluding a home that qualifies for a
4 homeowner's exemption, valued at one million dollars or more
5 to fund public education for Hawaii's children, as provided
6 by law?"

7 SECTION 5. Constitutional material to be repealed is
8 bracketed and stricken. New constitutional material is
9 underscored.

10 SECTION 6. This amendment shall take effect upon
11 compliance with article XVII, section 3, of the Constitution of
12 the State of Hawaii.

13



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 visitor accommodations and on residential investment property. (SD1)

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