

STAND. COM. REP. NO.

179

Honolulu, Hawaii

FEB 14 2017

RE: S.B. No. 683
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Education, to which was referred S.B. No. 683 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLES VII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY AND VISITOR ACCOMMODATIONS TO INCREASE FUNDING FOR PUBLIC EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to propose 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.

Your Committee received testimony in support of this measure from the Hawaii State Teachers Association, Democratic Party of Hawaii, Hui for Excellence in Education, IMUAlliance, Hawaii Children's Action Network, Parents for Public Schools of Hawaii, Hawaii Alliance for Progressive Action, Hawaii Public Charter Schools Network, Hawaii Island School Garden Network, Graduate Student Organization of the University of Hawaii at Manoa, Hawaii Democratic Party Labor Caucus, Americans for Democratic Action, and more than one hundred seventy-five individuals. Your Committee received testimony in opposition to this measure from the Office of the Mayor of the County of Hawaii, Chamber of Commerce Hawaii, Rental by Owner Awareness Association, Wyndham

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Vacation Ownership, Maui Chamber of Commerce, Building Industry Association of Hawaii, Coalition for Equal Taxation, Hawaii Association of REALTORS, American Resort Development Association, Hawaii Lodging and Tourism Association, and six individuals. Your Committee received comments on this measure from the Department of Budget and Finance, Office of the Managing Director of the City and County of Honolulu, and Tax Foundation of Hawaii.

Your Committee finds that Hawaii's public schools are severely underfunded. When compared to other school districts of similar size, the State ranks two hundred twenty-seventh in per-pupil funding before adjusting for cost of living. This lack of adequate funding has resulted in classrooms overheating because of insufficient heat abatement measures and an inability to repair and renovate deteriorating facilities.

Your Committee further finds that Hawaii is facing a teacher shortage crisis that is primarily due to the State's public school teachers receiving low compensation packages. Studies indicate that Hawaii's beginning teacher salaries are approximately \$4,000 lower than the national average, and that teachers with ten to twenty years of experience have salaries that are \$15,000 to \$20,000 lower on average than their counterparts in comparable districts. This has led to an average of three hundred fifty-nine unfilled teaching positions in the Department of Education from 2011 to 2014, rising to five hundred thirty-one unfilled positions for the 2016-2017 school year.

Your Committee additionally finds that Hawaii is the only State that does not fund education through property taxes. A surcharge on investment properties and visitor accommodations will provide much needed funding for the State's public schools and bring Hawaii's education funding policy closer to other school districts of similar size. This measure will amend the Constitution of the State of Hawaii to facilitate that surcharge.

Your Committee has amended this measure by:

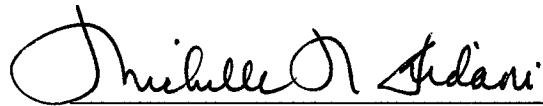
- (1) Removing the language amending Article VIII, Section 3, of the Constitution of the State of Hawaii authorizing the State to establish a surcharge on residential investment property, and inserting functionally similar language in a new section in Article VII; and



- (2) Adding language to the question to be printed on the ballot to further elaborate on the purpose of the proposed amendment.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 683, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 683, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary and Labor.

Respectfully submitted on
behalf of the members of the
Committee on Education,

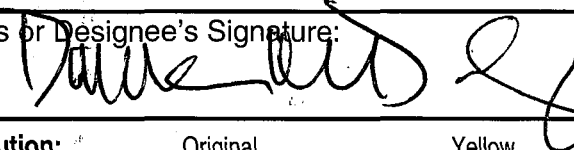


MICHELLE N. KIDANI, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:* SB 683	Committee Referral: EDU, WAM/JDL	Date: 2/3/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input checked="" type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIDANI, Michelle N. (C)	/			/
KAHELE, Kaiali'i (VC)				/
DELA CRUZ, Donovan M.	/			
ESPERO, Will	/			WAM
RIVIERE, Gil		/		
TOTAL	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes