

RE: S.B. No. 2074
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii
Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2074 entitled:

"A BILL FOR AN ACT PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE STATE OF HAWAII TO
AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON REAL PROPERTY TO FUND
INFRASTRUCTURE IMPROVEMENTS NEAR RAPID TRANSIT STATIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to propose an amendment to the Constitution of the State of Hawaii to authorize the Legislature to establish a surcharge on taxation of real property near rapid transit stations for the purpose of funding infrastructure improvements in those areas.

Your Committee received testimony in support of this measure from the Building Industry Association of Hawaii. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS® and one individual. Your Committee received comments on this measure from the Office of Planning and Tax Foundation of Hawaii.

Your Committee finds that article VIII, section 3, of the Hawaii State Constitution delegates the exercise of all functions, powers, and duties relating to the taxation of real property exclusively to the counties, with the exception of Kalawao. As the State constructs more rapid transit systems, sources of funding remains a constant concern. This measure proposes an amendment to the Constitution to allow the State to impose taxation of real property near rapid transit stations for the purpose of funding infrastructure improvements in those areas. Your Committee notes that although future legislation would be required to be enacted to specify the extent to which such taxation might occur, the existing language in this measure is overly broad.

Accordingly, your Committee has amended this measure by specifying that the Legislature may establish, as provided by law, a surcharge on real property taxes for real property parcels located within one mile at their nearest point of any rapid transit station to fund infrastructure improvements needed to support or accommodate the transit station or new residential or commercial development resulting from proximity to the transit station; provided further that a surcharge on any such real property parcel shall be established solely to fund improvements in the area of the transit station, which makes the parcel eligible for the surcharge.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2074, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2074, S.D. 1, and be referred to your Committee on Ways and Means.

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

KARL RHOADS, Chair