

HAWAII FAMILY ADVOCATES

Hawaii Family Advocates is a 501(C)(4) associate of Hawaii Family Forum

On the 2018 General Election ballot, you will be asked to vote yes or no on this question: (A blank vote is considered a no vote.)

“Shall the legislature be authorized to establish, as provided by law, a surcharge on investment real property to be used to support public education?”

Analysis by Jim Hochberg, Esq.

REASONS TO VOTE NO!

Shall the legislature be authorized to establish...

If this passes, the people are taking their political authority given by the constitution and transferring that power to the legislature. That particular power was established as part of the 1978 con-con which gave all of the power to raise REAL PROPERTY TAX to the counties. Currently, the State, via the legislature, is not constitutionally permitted to tax real property. The legislature is asking us in this amendment to change that authority. This authority can only be changed if an amendment is approved by the voters in Hawai'i. Do not give them that authority. VOTE NO!

as provided by law...

Is the legislature telling us what they will do if we pass this new amendment? No. The legislature must pass new laws in the future (laws we haven't even seen) to implement this NEW power they are asking us to provide. Don't give them this power. VOTE NO!

a surcharge...

A surcharge is a tax, not like a tip at a restaurant. This new tax surcharge will be established by the legislature in the future. The legislature could change the surcharge every year. Note: the current taxation vehicle is the income tax or the general excise tax (GET). The rail project increased the GET supposedly for a temporary period but the legislature (as provided by law) extended the termination date. Remember, every time we buy anything, we pay and see the payment of the GET. So, now the legislators are getting creative. They want to take more money through a new unknown and undefined tax increase. VOTE NO!

on investment real property...

Homeowners pay real property tax twice a year although most homeowners don't pay it directly because it is included in their monthly mortgage payment. Residential tenants

(that don't own the property where they live) never see it because it is included in their rent. Therefore this new tax will go largely unseen by the tax payers.

Investment real property is not defined but seems to define real property that is not the primary residence. However, keep in mind that, it could be residential or non-residential. We have heard politicians during the legislative session say it is intended to apply to “million dollar rental homes” but the language itself does not have any such limit. The main thing is whatever it means, the meaning will have to be established by the legislature and the meaning will most likely change over time. VOTE NO!

Even if the surcharge was limited to non-primary residential housing, that means rent will go up. If it applies to any kind of property that is not primary residential property, cost of everything will go up, so VOTE NO!

to be used to support public education...

What does this mean? We don't know. The definition will be established by the legislature in the future. Does it mean the DOE will get any additional funds over what is currently budgeted? No.

“Support public education” could very well be defined to permit the legislature to use the new tax to simply replace other funds for education which other funds could be moved to other obligations. Or, the new tax funds could be used on other obligations that “support public education.” Don't let them tax you on something they can't define and you can't see. VOTE NO!