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March 2, 2026

TO: The Honorable Chris Todd, Chair
House Committee on Finance

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF MARCH 3, 2026; TESTIMONY IN OPPOSITION TO HB 2147, HD2, PROPOSING AMENDMENTS TO ARTICLES VIII AND X OF THE CONSTITUTION OF THE STATE OF HAWAII TO AUTHORIZE THE LEGISLATURE TO ESTABLISH A SURCHARGE ON RESIDENTIAL INVESTMENT PROPERTY TO INCREASE FUNDING FOR PUBLIC EDUCATION**

I **oppose** this measure to propose amendments to the Hawai'i State Constitution to repeal the counties' exclusive power to tax real property and to authorize the Legislature to establish a state surcharge on real property taxes levied by the counties on certain residential investment properties.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **oppose** this measure for the following reasons:

1. Real property tax is the counties' primary revenue source. Allowing the State to impose a surcharge on county real property taxes would be an undue erosion of county governments' ability to perform its core functions for constituents.
2. Although described as authorizing a mere "surcharge," the proposal effectively allows for a State tax to be layered on top of a county tax, creating uncertainty for taxpayers and complicating administration of the real property tax system.
3. The proposed ballot question combines two proposals—repealing counties' exclusive authority over real property taxation and authorizing a new surcharge—which may limit voters' ability to evaluate these significant constitutional changes.

Thank you for your consideration.