

VOTE NO



#ConAmBad

Real Property Tax Constitutional Amendment

1. What is the constitutional amendment?

This General Election, registered voters will be asked to vote on changing the State Constitution to grant the State Legislature the power to levy an additional surcharge/tax increase on real property.

Specifically, the ballot asks, *"Shall the legislature be authorized to establish, as provided by law, a surcharge on investment real property to be used to support public education?"*

2. What is "investment real property"?

"Investment real property" is defined as any real property that has been purchased with the intention of earning a return on investment. Given that the proposed amendment does not provide the State Legislature's definition of "investment real property," the tax could apply to any and all classes of real property (residential, commercial, agricultural) as long as the owner intends to earn a return on it.

3. Does this tax only apply to properties over one million dollars and/or out-of-state owners?

No. As currently written, the proposed amendment will tax anyone who owns investment real property of any value. So, local and out-of-state property owners will both be affected no matter what type of property they own or how much it is worth – whether it's a \$150,000 studio apartment, a one million dollar office space or farm land.

4. Is the tax guaranteed to increase teacher salaries and the Department of Education's (DOE) budget?

No. There is no requirement that the money raised from the tax must be used to fund higher

pay for teachers. Additionally, there is no guarantee the DOE's overall budget will increase as a result of this tax. Bottom line: nothing prevents the Legislature from reducing the DOE's current general fund budget by the same amount raised by the tax and then redirecting those general fund monies to other programs.

5. How much is the tax?

The proposed amendment gives the Legislature a "blank check" to assess our taxes. It contains no language on the tax amount. The Legislature will have broad and unlimited power to determine the tax amount each and every year and there is no cap on the rate.

6. Who will be affected if this amendment passes?

Everyone. Taxing any type of investment property will raise the cost of living, housing and doing business in Hawaii for everyone. Property owners will pass on the cost of the tax to renters such as families, retailers, restaurants, care homes, farmers and many more by raising rents and fees. At its worst, higher rents and living costs will likely force some families to become homeless, worsening Hawaii's homeless problem.

7. What can I do?

Vote **"NO"** on the constitutional amendment. It is bad policy. Hawaii already has the highest cost of living in the nation¹, and is ranked second for overall tax burden². We cannot afford another tax that will make living in Hawaii even more unaffordable with no guarantee that the monies raised will even benefit our teachers or keiki.

Register to Vote

Visit elections.hawaii.gov/voters/registration/

¹ MERIC, Cost of Living 2018 Index

² WalletHub, 2018's Tax Burden by State



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ISSUE BACKGROUND

This General Election, registered voters will be asked to vote on changing the State Constitution to grant the State Legislature the power to levy an additional surcharge/tax increase on real property. The ballot question will read:

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

VOTE NO

WHY YOU SHOULD VOTE "NO"

Affordability

- ▶ This is not a property tax just on the wealthy. This is a tax that hurts everyone. It will raise Hawaii's cost of living, housing and doing business – impacting renters living in a condo in Kihei, walk-up apartment in Kalihi or a house in Hilo to customers at grocery stores, restaurants and many more establishments.
- ▶ Hawaii residents are already the second most taxed in the country. We simply cannot afford another tax.
- ▶ Our cost of living is already the highest in the nation. Are we prepared to see it go up even higher?

Blank Check-NO Guarantees

- ▶ The Legislature is asking for broad and unlimited power to tax the public.
- ▶ Supporters claim the tax is targeted at wealthy out-of-state residents and speculators, but language limiting the tax to these groups was removed from the bill.
- ▶ Would you ever sign a lease without knowing your monthly payment? If this amendment is approved, politicians will have a "blank check" to determine the tax amount on all investment properties, and they are not required to use the monies raised from the tax to increase teachers' pay.

Support

Bad Policy

- ▶ This tax will apply to all types of investment property (residential, commercial, agricultural) whether it's a \$150,000 studio apartment, a one million dollar office space or farm land.
- ▶ This proposed amendment is just another example of Hawaii's poor track record on taxes like the Transient Accommodations Tax that was supposed to be a temporary tax but instead ballooned up and never went away.
- ▶ This proposed amendment will weaken the counties' authority to tax real property making it more difficult for counties' to balance their budgets and provide essential public services.

Alternative

- ▶ Hawaii REALTORS® support our teachers and keiki and believe they deserve better. Rather than raising the cost of living for everyone including our teachers, kupuna and those struggling to make ends meet, we support measures that will help lower Hawaii's cost of living and make it easier and faster to develop more affordable housing.

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