STAND. COM. REP. NO. 243 -26

Honolulu, Hawaii

FEB 12 , 2026

RE: H.B. No. 1918
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Water & Land, to which was referred H.B. No. 1918 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to impose the conveyance tax on the transfer of a controlling interest of an entity with an interest in real property.

Your Committee received testimony in support of this measure from Indivisible Hawai'i; AARP Hawai'i; and numerous individuals. Your Committee received testimony in opposition to this measure from the Grassroot Institute of Hawaii and one individual. Your Committee received comments on this measure from the Department of Taxation; Hawai'i Association of REALTORS; Tax Foundation of Hawaii; and one individual.

Your Committee finds that this measure brings parity between direct real estate transfers and indirect transfers made through business entities by applying the existing conveyance tax to transactions where a person or entity acquires a controlling interest in a business that owns real property, treating these indirect transfers in the same manner as direct transfers of real estate. Your Committee further finds that this measure supports equitable taxation by closing a long-standing loophole that has

allowed sophisticated commercial real estate deals to avoid paying the conveyance tax. Your Committee also finds that this measure ensures all property transfers are treated fairly, regardless of how the transaction is structured.

Your Committee has amended this measure by:

(1) Providing that the conveyance tax shall be based on the fair market value of the property at the time of the transfer or acquisition of the controlling interest;

(2) Imposing liability on the transferee in the event that the transferor of the controlling interest does not pay the tax due;

(3) Deleting the proposed requirement for the Director of Taxation to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, including rules for determining whether persons are acting in concert for the purpose of transferring or acquiring a controlling interest;

(4) Changing its effective date to July 1, 3000, to encourage further discussion; and

(5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Water & Land that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1918, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1918, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Water & Land,
Committee on Water & Land,

MARK J. HASHEM, Chair

2020-1110 HB1918 HD1 HSCR.HWPX

State of Hawaii
House of Representatives
The Thirty-third Legislature

HSCR 243-26

Record of Votes of the Committee on Water & Land

Bill/Resolution No.:	Committee Referral:	Date:
HB1918	WAL, FIN	2/5/2026

☐ The committee is reconsidering its previous decision on the measure.

The recommendation is to: ☐ Pass, unamended (as is) ☑ Pass, with amendments (HD) ☐ Hold
☐ Pass short form bill with HD to recommit for future public hearing (recommit)

WAL Members	Ayes	Ayes (WR)	Nays	Excused
1. HASHEM, Mark J. (C)	✓			
2. MORIKAWA, Dee (VC)	✓			
3. BELATTI, Della Au	✓			
4. ICHIYAMA, Linda	✓			
5. IWAMOTO, Kim Coco				✓
6. POEPOE, Mahina	✓			
7. WOODSON, Justin H.	✓			
8. SHIMIZU, Garner M.			✓	
9. SOUZA, Kanani	✓			
TOTAL (9)	7	0	1	1

The recommendation is: ☑ Adopted ☐ Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: _____

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