STAND. COM. REP. NO. 2596

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 3028
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committees on Water, Land, Culture and the Arts and Energy and Intergovernmental Affairs, to which was referred S.B. No. 3028 entitled:

"A BILL FOR AN ACT RELATING TO PROPERTY CONVEYANCE,"

beg leave to report as follows:

The purpose and intent of this measure is to:

(1) Restructure the conveyance tax to a marginal rate system;

(2) Adjust the tax for multifamily properties to reflect value on a per-unit basis;

(3) Adjust allocations of conveyance tax collections to the Land Conservation Fund and Rental Housing Revolving Fund;

(4) Add the Special Land and Development Fund to fund land acquisition for the Hawaii Statewide Trail and Access Program; and

(5) Add the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources; Office of Planning and Sustainable Development; Hoʻāla Kealakekua Nui, Inc.; and one individual.

Your Committees received testimony in opposition to this measure from the Hawaiʻi Association of REALTORS, NAIOP Commercial Real Estate Development Association Hawaii Chapter, Trust for Public Land, Grassroot Institute of Hawaii, and one individual.

Your Committees received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; Kuaʻāina Ulu ʻAuamo; Coastal Planners, LLC; and The Nature Conservancy Hawaiʻi and Palmyra.

Your Committees find that new revenue sources are needed to address the funding gap for public infrastructure, particularly for conservation, establishment of hiking trail areas, and transit-oriented development areas in the State. This measure will enable additional revenues from conveyance tax to be collected and applied to special funds for conservation projects, acquisition of land for hiking trails, and development of certain housing projects.

Your Committees note the support in testimony for smoothing out the tax curve so it is simpler and fairer and avoiding big cliffs in tax increases, as well as concerns with overall tax levels above existing rates.

Your Committees have amended this measure by:

(1) Inserting blank tax rates for the conveyance taxes;

(2) Inserting an effective date of July 1, 2050, to encourage further discussion; and

(3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

Your Committees note that this measure, as amended, contains blank tax rate amounts. Should your Committee on Ways and Means choose to deliberate on this measure, your Committees respectfully request that it consider inserting appropriate amounts.

As affirmed by the records of votes of the members of your Committees on Water, Land, Culture and the Arts and Energy and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3028, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3028, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Water, Land, Culture and the Arts and Energy and Intergovernmental Affairs,

GLENN WAKAI, Chair

CHRIS LEE, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Water, Land, Culture and the Arts
WLA

Bill / Resolution No.:*	Committee Referral:	Date:
SB 3028	WLA/EIG, WAM	2/17/26

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☑ Pass, with amendments cr 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)				✓
CHANG, Stanley	✓			
LAMOSAO, Rachele	✓			
DECORTE, Samantha	✓			
TOTAL	4			1

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature:

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

*Only one measure per Record of Votes

Revised: 01/21/26

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Energy and Intergovernmental Affairs
EIG

Bill / Resolution No.:*	Committee Referral:	Date:
SB3028	WLA/EIG, WAM	2/17/26

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312 ☑ Pass, with amendments 2311 ☐ Hold 2310 ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt	✓			
TOTAL	5			

Recommendation: ☑ Adopted ☐ Not Adopted

Chair's or Designee's Signature: [signature]

Distribution: Original — File with Committee Report; Yellow — Committee; Pink — Drafting Agency

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Revised: 01/02/26