STAND. COM. REP. NO. 2999

Honolulu, Hawaii

MAR 0 6 2026

RE: S.B. No. 3028
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3028, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to restructure the conveyance tax to support multi-family housing and increase revenue collected to better support public infrastructure for certain housing developments and outdoor recreation.

More specifically, this measure:

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

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

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

(4) Adds allocations of conveyance tax collections to the Special Land and Development Fund to finance land acquisition for the Hawaii Statewide Trail and Access Program; and

(5) Adds allocations of conveyance tax collections to the Dwelling Unit Revolving Fund to finance infrastructure programs in county-designated transit-oriented development areas.

Your Committee received written testimony in support of this measure from the Division of Forestry and Wildlife of the Department of Land and Natural Resources, Office of Planning and Sustainable Development, Kuaaina Ulu Auamo, Hawaii Children's Action Network Speaks!, and one individual.

Your Committee received written comments in opposition to this measure from the Grassroot Institute of Hawaii, Hawaii REALTORS, NAIOP Hawaii Chapter, and Trust for Public Land.

Your Committee received written comments on this measure from the Department of Taxation, Hawaii Appleseed Center for Law and Economic Justice, Hawaii Land Trust, The Nature Conservancy, and Tax Foundation of Hawaii.

Your Committee finds that additional revenue sources are required to support infrastructure for transit-oriented development and trail access. This measure revises how the conveyance tax is calculated to increase revenue, and further, the measure allocates a portion of collections to the acquisition of land for hiking trails and to support infrastructure development for certain transit-oriented development project areas. The measure also supports affordable housing development and retention by adjusting the property value determination for multi-family projects to a per-unit basis, rather than per-project basis, thus resulting in a lower tax amount contributing to the calculation of rent.

Your Committee has amended this measure by:

(1) Clarifying that the inflation adjustments apply to property value thresholds rather than conveyance tax rates;

(2) Providing that the annual inflation adjustments to property values shall apply to each taxable year beginning after December 31, 2027; and

(3) Deleting section 5 of the measure which amends the required disposition of conveyance tax collections.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3028, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3028, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,
Committee on Ways and Means,

DONOVAN M. DELA CRUZ, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
SB 3028, SD1	WLA/EIG, WAM	03/03/2026

☐ 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
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
RICHARDS, III, Herbert M. "Tim"	X			
WAKAI, Glenn	X			
FEVELLA, Kurt				X
TOTAL	12	0	0	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: 01/02/26