

STAND. COM. REP. NO.

3249

Honolulu, Hawaii

MAR 3 0 2026

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

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

Sir:

Your Committee on Water, Land, Culture and the Arts, to which was referred H.B. No. 1918, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Impose conveyance tax on the transfer of a controlling interest of an entity with an interest in real property;
- (2) Stipulate that the imposition of the conveyance tax on transfers of entity ownership shall not apply to any transfer of interest of acquisition between entities wholly owned by the same common ownership that results in no change in the beneficial ownership;
- (3) Impose the conveyance tax on certain transfers of real property at the lowest tax rate; and
- (4) Impose liability on the transferee in the event that the transferor of the controlling interest does not pay the tax due.



Your Committee received testimony in support of this measure from the Indivisible Hawai'i Statewide Network, AARP Hawaii, and twenty-five individuals.

Your Committee received testimony in opposition to this measure from the NAIOP Hawaii, Grassroot Institute of Hawaii, and Land Use Research Foundation of Hawaii.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that existing conveyance tax law fails to impose conveyance tax on certain types of property transfers. For instance, whenever there is a transaction in the controlling interest in a business entity that owns real property, the transaction can avoid conveyance tax despite the effective change in ownership of the underlying real property. This measure improves the fairness and resilience of the state economy by closing a longstanding structural loophole in the State's tax framework.

Your Committee has amended this measure by:

- (1) Inserting an effective date of January 1, 3028, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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



Respectfully submitted on
behalf of the members of the
Committee on Water, Land,
Culture and the Arts,



CHRIS LEE, Chair



