

Honolulu, Hawaii

, 2026

MAR 06

RE: H.B. No. 2049
H.D. 3

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

Madame:

Your Committee on Finance, to which was referred H.B. No. 2049, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Restructure the conveyance tax to a marginal rate system for the sale of properties with residential use, applying higher rates only to property values exceeding specified thresholds;
- (2) Adjust the conveyance tax for multifamily residential properties to reflect value on a per-unit basis;
- (3) Tie conveyance tax rates to a cost-of-living adjustment to maintain equity over time;
- (4) Allocate a portion of conveyance tax revenues to the Dwelling Unit Revolving Fund to fund infrastructure programs in areas that meet transit-supportive density requirements; and
- (5) Establish a dedicated conveyance tax allocation to the Department of Hawaiian Home Lands Trust Fund.



Your Committee received testimony in support of this measure from the Department of Hawaiian Home Lands; Department of Land and Natural Resources; Office of Hawaiian Affairs; Office of Planning and Sustainable Development; one member of the Maui County Council; one member of the Kaua'i County Council; Oahu Metropolitan Planning Organization; Hawaiian Council; Catholic Charities Hawai'i; Pōhaku Pelemaka; Church of the Crossroads; Hawai'i Children's Action Network Speaks!; Hawai'i YIMBY; Indivisible Hawai'i; Hawai'i Public Health Institute; Trust for Public Land; Hawai'i Tax Fairness Coalition; Hawaii Appleseed Center for Law & Economic Justice; Kaua'i Women's Caucus; Ke One O Kākuhihewa; and numerous individuals. Your Committee received testimony in opposition to this measure from NAIOP Hawaii; Hawai'i Association of REALTORS; Grassroot Institute of Hawaii; and two individuals. Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; Kua'āina Ulu 'Auamo; The Nature Conservancy, Hawai'i and Palmyra; and one individual.

Your Committee has amended this measure by:

- (1) Inserting tax rates for the conveyance of property with a residential dwelling unit, with different rates based on whether or not the purchaser is eligible for a county homeowner's exemption from property tax;
- (2) Inserting tax rates for the conveyance of property with no residential dwelling unit that are the same as existing rates under section 247-2(1), Hawaii Revised Statutes;
- (3) Capping conveyance taxes as a percentage of the consideration paid for certain properties;
- (4) Establishing a Hawaiian Home Lands Infrastructure and Housing Special Fund;
- (5) Allocating a portion of conveyance tax revenues to the Hawaiian Home Lands Infrastructure and Housing Special Fund, rather than the Department of Hawaiian Home Lands Trust Fund;



- (6) Establishing an expenditure ceiling of the Hawaiian Home Lands Infrastructure and Housing Special Fund; and
- (7) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2049, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2049, H.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



CHRIS TODD, Chair



