

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 2049
H.D. 3
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, Housing, and Hawaiian Affairs, to which was referred H.B. No. 2049, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO HOUSING,"

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 for the sale of properties with residential use;
- (2) Adjust the conveyance tax for multifamily properties to reflect value on a per-unit basis;
- (3) Apply a cost-of-living adjustment to conveyance tax rates;
- (4) Allocate revenues from conveyance tax collections;
- (5) Allocate a portion of conveyance tax collections to the Dwelling Unit Revolving Fund to fund infrastructure programs in areas that meet minimum standards of transit-supportive density;



- (6) Allocate a portion of conveyance tax revenues to the Hawaiian Home Lands Infrastructure and Housing Special Fund; and
- (7) Establish and appropriate funds out of the Hawaiian Home Lands Infrastructure and Housing Special Fund.

Your Committees received testimony in support of this measure from the Department of Land and Natural Resources; Department of Hawaiian Home Lands; Office of Planning and Sustainable Development; Office of Hawaiian Affairs; Hawai'i Public Health Institute; Catholic Charities Hawai'i; Hawaiian Council; Hawaii Appleseed Center for Law & Economic Justice; Hawai'i Children's Action Network Speaks!; Oahu Metropolitan Planning Organization; Indivisible Hawai'i; Hawai'i YIMBY; Mark Development, Inc.; Church of the Crossroads; Green Party of Hawai'i; Kukulu Kumuhana O Anahola; Kona Indivisible; Kula No Nā Po'e Hawai'i; Dowling Company, Inc.; Gentry Homes, Ltd.; Association of Hawaiians for Homestead Lands; Kaupe'a Homestead Association; The Institute for Human Services, Inc.; Save Honolulu Coalition; Association of Hawaiian Civic Clubs; ACLU Hawai'i; and numerous individuals.

Your Committees received testimony in opposition to this measure from Avalon Development, Grassroot Institute of Hawaii, NAIOP Hawaii, Hawai'i Association of REALTORS, and five individuals.

Your Committees received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; The Nature Conservancy, Hawai'i and Palmyra; and one individual.

Your Committees find that the State's conveyance tax framework has not been updated since 2009, is significantly lower than comparable jurisdictions in the nation, and threatens to further strain the State's housing crisis by disproportionately affecting affordable multifamily housing and creating further market inequities. Your Committees also recognize that two separate initiatives aiming to increase housing would benefit from dedicated, predictable annual funding: transit-oriented development infrastructure in zones surrounding transportation hubs and the planning and infrastructure of the Department of Hawaiian Home Lands necessary to provide homes for all



beneficiaries. This measure will address all these issues by reforming the conveyance tax to foster affordable housing and infrastructure for residents and promote economic justice and equity.

Your Committee has amended this measure by:

- (1) Changing the tax rates and thresholds to unspecified amounts for:
 - (A) The sale of a property with a residential dwelling unit for which the purchaser is eligible for a county homeowner's exemption from property tax;
 - (B) The sale of a property with a residential dwelling unit for which the purchaser is ineligible for a county homeowner's exemption from property tax; and
 - (C) The sale, lease, sublease, or assignment of any property with no residential dwelling unit;
- (2) Restoring existing statutory language specifying that ten percent or \$10,000,00, whichever is less, of the taxes collected each fiscal year under chapter 247, Hawaii Revised Statutes (HRS), shall be paid into the Land Conservation Fund established pursuant to section 173A-5, HRS;
- (3) Inserting language specifying that fifteen percent or \$15,000,000, whichever is less, of the taxes collected each fiscal year under chapter 247, HRS, shall be paid into the Hawaii Agricultural Development Revolving Fund established pursuant to section 163D-17, HRS, for land acquisition;
- (4) Inserting language specifying that fifteen percent or \$15,000,000, whichever is less, of the taxes collected each fiscal year under chapter 247, HRS, shall be paid into the Special Land and Development Fund established pursuant to section 171-19, HRS, for land acquisition and development of community access pursuant to sections 198D-2 and 198D-5, HRS;



- (5) Clarifying that twenty percent of \$40,000,000, whichever is less, of the taxes collected each fiscal year under chapter 247, HRS, shall be paid into the Hawaiian Home Lands Infrastructure and Housing Special Fund established pursuant to this measure;
- (6) Inserting language authorizing the Hawaii Agricultural Development Revolving Fund to be used to acquire land;
- (7) Amending section 1 to reflect its amended purpose; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that this measure, as amended, contains tax rates and thresholds of unspecified amounts. Should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it consider inserting appropriate amounts greater than the amounts proposed by the H.D. 3 version of this measure.

As affirmed by the records of votes of the members of your Committees on Water, Land, Culture and the Arts, Housing, and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2049, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2049, H.D. 3, 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, Housing, and Hawaiian Affairs,



STANLEY CHANG, Chair



CHRIS LEE, Chair



HERBERT M. RICHARDS, III, 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:
HB 2049 HD3	WLA/HOU/HWN, WAM	3-25-2026

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
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)			✓	
CHANG, Stanley		✓		
LAMOSAO, Rachele		✓		
DECORTE, Samantha			✓	
TOTAL	1	2	2	

Recommendation: Adopted Not Adopted

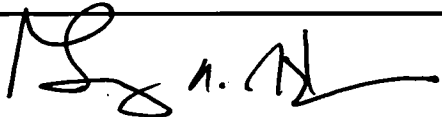
Chair's or Designee's Signature:


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 File with Committee Report Committee Drafting Agency

***Only one measure per Record of Votes**

The Senate
Thirty-Third Legislature
State of Hawai'i

**Record of Votes
Committee on Housing
HOU**

Bill / Resolution No.:* HB 2049, HD 3	Committee Referral: WLA/HOU/HWN, WAN	Date: 09/25/26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHANG, Stanley (C)		✓		
HASHIMOTO, Troy N. (VC)		✓		
ELEFANTE, Brandon J.C.		✓		
RHOADS, Karl				✓
FEVELLA, Kurt	✓			
TOTAL	1	3	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes

