

Honolulu, Hawaii  
MAR 20 , 2026

RE: S.B. No. 3028  
S.D. 2  
H.D. 1

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

Madame:

Your Committee on Housing, to which was referred S.B. No. 3028, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize a portion of conveyance tax revenues to be deposited into the Special Land and Development Fund and to use the Fund for land acquisition;
- (2) Expand the funding sources of the Trail and Access Program to include a portion of conveyance tax collected and expand the use of funding for the Program to include land acquisition;
- (3) Expand the funding sources of the Dwelling Unit Revolving Fund to include conveyance tax revenue and the allowable uses of the Revolving Fund to include funding infrastructure programs in areas that meet transit-supportive density requirements;
- (4) Restructure the conveyance tax into a marginal rate system; and



- (5) Adjust taxation of multifamily properties to reflect value on a per-unit basis.

Your Committee 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; Hawai'i YIMBY; Church of the Crossroads; Catholic Charities Hawai'i; Hawai'i Children's Action Network Speaks!; Hawai'i Public Health Institute; Indivisible Hawai'i; Hawaii Appleseed Center for Law & Economic Justice; and numerous individuals. Your Committee received testimony in opposition to this measure from the Hawai'i Association of REALTORS; Avalon Development Company LLC; Grassroot Institute of Hawaii; NAIOP 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 the State's conveyance tax structure does not sufficiently reflect real estate market realities, particularly with respect to high-value transactions and large multifamily developments. The State faces ongoing challenges in funding land conservation programs, infrastructure needs in transit-oriented development areas, and trail management and acquisition activities. Your Committee believes that modernizing the conveyance tax and directing additional revenue to these critical state funds will improve equity in the tax system and provide sustained resources to support statewide land stewardship and infrastructure development.

Your Committee further finds that H.B. No. 2049, H.D. 3 (Regular Session of 2026), a substantially similar measure, was previously passed by the House and is a measure that:

- (1) Restructures 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) Adjusts the conveyance tax for multifamily properties to reflect value on a per-unit basis;
- (3) Ties conveyance tax rates to a cost-of-living adjustment to maintain equity over time;



- (4) Allocates a portion of conveyance tax revenues to the Dwelling Unit Revolving Fund to fund infrastructure programs in areas that meet transit-supportive density requirements;
- (5) Establishes a dedicated conveyance tax allocation to the Department of Hawaiian Home Lands to provide predictable funding for multi-year planning and infrastructure and to leverage additional public and private capital for beneficiary housing;
- (6) Establishes and appropriates funds out of the Hawaiian Home Lands Infrastructure and Housing Special Fund; and
- (7) Contains an effective date of July 1, 3000.

Your Committee has amended this measure by deleting its contents and inserting the contents of H.B. No. 2049, H.D. 3, and further amending this measure by:

- (1) Changing the conveyance tax marginal rates and conveyance tax dispositions, including the caps, to unspecified amounts;
- (2) Allocating an unspecified percent or amount, whichever is less, to be paid into the Special Land and Development Fund for land acquisition for trails; and
- (3) 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 Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3028, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3028, S.D. 2, H.D. 1, and be referred to your Committee on Water & Land.



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

**2ML**

---

LUKE A. EVSLIN, Chair



