

STAND. COM. REP. NO. 2596

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 3028  
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 and Energy and Intergovernmental Affairs, to which was referred S.B. No. 3028 entitled:

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

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;
- (2) Adjust the tax for multifamily properties to reflect value on a per-unit basis;
- (3) Adjust allocations of conveyance tax collections to the Land Conservation Fund and Rental Housing Revolving Fund;
- (4) Add the Special Land and Development Fund to fund land acquisition for the Hawaii Statewide Trail and Access Program; and
- (5) Add the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.



Your Committees received testimony in support of this measure from the Department of Land and Natural Resources; Office of Planning and Sustainable Development; Ho'āla Kealakekua Nui, Inc.; and one individual.

Your Committees received testimony in opposition to this measure from the Hawai'i Association of REALTORS, NAIOP Commercial Real Estate Development Association Hawaii Chapter, Trust for Public Land, Grassroot Institute of Hawaii, and one individual.

Your Committees received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; Kua'āina Ulu 'Auamo; Coastal Planners, LLC; and The Nature Conservancy Hawai'i and Palmyra.

Your Committees find that new revenue sources are needed to address the funding gap for public infrastructure, particularly for conservation, establishment of hiking trail areas, and transit-oriented development areas in the State. This measure will enable additional revenues from conveyance tax to be collected and applied to special funds for conservation projects, acquisition of land for hiking trails, and development of certain housing projects.

Your Committees note the support in testimony for smoothing out the tax curve so it is simpler and fairer and avoiding big cliffs in tax increases, as well as concerns with overall tax levels above existing rates.

Your Committees have amended this measure by:

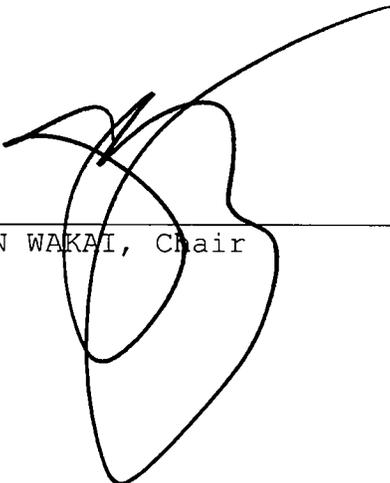
- (1) Inserting blank tax rates for the conveyance taxes;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

Your Committees note that this measure, as amended, contains blank tax rate amounts. Should your Committee on Ways and Means choose to deliberate on this measure, your Committees respectfully request that it consider inserting appropriate amounts.



As affirmed by the records of votes of the members of your Committees on Water, Land, Culture and the Arts and Energy and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3028, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3028, 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 and Energy and Intergovernmental Affairs,



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GLENN WAKAI, Chair



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CHRIS LEE, Chair





