

STAND. COM. REP. NO. **2521**

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 3031
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 S.B. No. 3031 entitled:

"A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require that all conveyance tax revenues collected from the conveyance or transfer of real property located in whole or in part in a sea level rise exposure area be deposited into the Beach Restoration Special Fund; and
- (2) Allow funds in the Beach Restoration Special Fund to be used to acquire property.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, the Hawai'i Ocean Legislative Task Force, Surfrider Foundation, and seven individuals.

Your Committee received testimony in opposition to this measure from one individual.

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



Your Committee finds that dense shoreline development, widespread shoreline armoring, and the landward migration of the shoreline due to sea level rise have together accelerated chronic beach loss in the State and increased the exposure of public shorelines to floods and other coastal hazards. Unfortunately, your Committee finds that existing fiscal policy and regulatory tools are insufficient to mitigate degradation to public beaches. This measure will help fund beach restoration, dune and coastal habitat enhancement, and other eligible beach and shoreline management projects that advance the State's coastal zone management objectives and public trust responsibilities.

Your Committee acknowledges the recommendation raised in testimony by the Department of Taxation that the effective date of the measure be changed to January 1, 2027, to allow time to update forms and instructions and to inform taxpayers of the updates. Your Committee also notes the concern raised in testimony by the Department of Land and Natural Resources that, by authorizing the Beach Restoration Special Fund to be used to acquire property, may turn the Special Fund into a land bank instead of a beach restoration tool. Amendments to the measure are therefore necessary to address the recommendation and concern.

Accordingly, your Committee has amended this measure by:

- (1) Changing the Beach Restoration Special Fund to the Beach Preservation and Restoration Special Fund;
- (2) Deleting language that allows moneys derived from the conveyance tax collected pursuant to section 247-7, Hawaii Revised Statutes, to be deposited into the Special Fund;
- (3) Deleting language that allows the Special Fund to be used to acquire property;
- (4) Inserting language that establishes a subaccount of the Special Fund, into which shall be deposited conveyance tax revenue collected pursuant to section 247-7, Hawaii Revised Statutes, with respect to any transfer or conveyance of real property, or any interest therein, that is located in whole or in part within the sea level rise exposure area, as designated by the Hawaii Climate



Change Mitigation and Adaptation Commission or its successor, and that specifies that the subaccount may only be used by the Department of Land and Natural Resources only for the acquisition of property;

- (5) Clarifying that conveyance tax revenue derived from any transfer or conveyance of real property, or any interest therein, that is located in whole or in part within the sea level rise exposure area, as designated by the Hawaii Climate Change Mitigation and Adaptation Commission or its successor, shall be paid into the subaccount of the Special Fund;
- (6) Making conforming amendments to related sections of the Hawaii Revised Statutes;
- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee acknowledges the recommendation raised in testimony by the Department of Taxation that the effective date of the measure be changed to January 1, 2027, to allow time to update forms and instructions and to inform taxpayers of the updates. Your Committee finds that this recommendation merits further consideration and respectfully requests that subsequent Committees to which this measure is referred examine the recommendation should they choose to deliberate on this measure.

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 S.B. No. 3031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3031, 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



