

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

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**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1918, H.D.1, Relating to Taxation.

BEFORE THE:

House Committee on Finance

DATE: Tuesday, March 3, 2026

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1918, H.D.1, for your consideration.

H.B. 1918, H.D.1, amends chapter 247, Hawaii Revised Statutes (HRS), by extending the conveyance tax to transfers or acquisitions involving either (1) the transfer of a controlling interest in an entity, with an interest in real property located in the State, for valuable consideration; or (2) the transfer of control or ownership of the real property located in the State; provided that there is a change in "beneficial ownership."

Section 2 of the bill adds a new section 247-A, HRS, which specifies that "all acquisitions of persons acting in concert shall be aggregated for the purpose of determining whether a transfer or acquisition of a controlling interest has taken place." It also provides a definition of "controlling interest" for a for-profit corporation, as "either fifty per cent or more of the total combined voting power of all classes of stock of the corporation entitled to vote, or fifty per cent or more of the capital, profits, or beneficial interest in the voting stock of the corporation," and for any other corporation or partnership, association, trust, or entity as "fifty per cent or more of the capital, profits, or beneficial interest in the corporation, partnership, association, trust, or other entity."

Section 2 of the bill also adds a new section 247-B, HRS, which provides that the conveyance tax imposed on several types of transfers and acquisitions, as well as conveyances to any organization certified by the Hawaii Housing Finance and Development Corporation for low-income housing development, will be taxed at the lowest rate applicable under section 247-2(1).

Section 3 of the bill amends section 247-1, HRS, to impose the conveyance tax on transfers of a controlling interest.

Section 4 of the bill amends section 247-2, HRS, to specify that the conveyance tax shall be imposed on the transfer or acquisition of a controlling interest based on the fair market value of the property at the time of transfer or acquisition. The term “fair market value” is defined as meaning the value of real property as stated on the most recent real property assessment issued by the county.

Section 5 of the bill amends section 247-3, HRS, by repealing conveyance tax exemptions for conveyances from an entity that is party to a merger or consolidation to the surviving or new entity and conveyances from a dissolving limited partnership to its general partner with at least a 90 percent interest.

Section 6 of the bill amends section 247-4, HRS, to impose joint and several liability on the transferee and the entity in the event the transferor of the controlling interest does not pay the tax due.

The bill has a defective effective date of July 1, 3000.

DOTAX recommends that the effective date of the bill be amended to January 1, 2028, to allow sufficient time to implement the changes in the bill, including the promulgation of administrative rules, development of new forms and instructions, and notice to taxpayers.

Thank you for the opportunity to provide comments on this measure.



Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair
Committee on Finance

Tuesday, March 3, 2026
10:00AM Conference Room 308

RE: HB1918 HD1 Close the Conveyance Tax Loophole - Support

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

On behalf of the Chamber of Sustainable Commerce, we strongly support HB1918 HD1 to close a loophole that has allowed certain high-value commercial real estate transactions to avoid paying the conveyance tax. The Chamber of Sustainable Commerce represents more than 580 small businesses, entrepreneurs, creatives, and sole proprietors across Hawai'i committed to a triple bottom line: people, planet and prosperity.

This bill updates Hawai'i's conveyance tax to ensure consistent treatment of property transfers. Under current law, conveyance tax clearly applies when real estate is directly sold. However, when a controlling interest in a business entity that owns real property changes hands, the transaction can avoid conveyance tax even though ownership of the underlying property effectively changes.

H.B. 1918 closes that gap by applying the existing conveyance tax to transfers of controlling interests in entities that hold real property. If property ownership changes in substance, it should be treated the same for tax purposes – regardless of how the transaction is structured.

Importantly, the bill maintains exemptions where beneficial ownership does not actually change and preserves the lowest tax rate for certain transactions, including those involving certified low-income housing developers, mergers, and transfers within wholly owned entities. This strikes a careful balance between fairness and legitimate business activity.

A resilient and regenerative economy depends on equal treatment under the law. H.B. 1918 promotes fairness, closes a longstanding structural loophole, and supports a more balanced tax framework for Hawai'i.

We respectfully urge your support.

Hawaii Legislative Council Members

Joell Edwards
Wainiha Country Market
Hanalei

Russell Ruderman
Island Naturals
Hilo/Kona

Dr. Andrew Johnson
Niko Niko Family Dentistry
Honolulu

Robert H. Pahia
Hawaii Taro Farm
Wailuku

Maile Meyer
Honolulu

Tina Wildberger
Kihei Ice
Kihei

L. Malu Shizue Miki
Abundant Life Natural Foods
Hilo

Chamber of
Sustainable Commerce
808.445.7606
P.O. Box 22394
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www.ChamberofSustainableCommerce.org

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Tax on Controlling Interest Transfer

BILL NUMBER: HB 1918 HD1

INTRODUCED BY: WAL

EXECUTIVE SUMMARY: Imposes conveyance tax on the transfer of a controlling interest of an entity with an interest in real property. Stipulates that the imposition of the conveyance tax on transfers of entity ownership shall not apply to any transfer of interest or acquisition between entities wholly owned by the same common ownership that results in no change in the beneficial ownership. Imposes the conveyance tax on certain transfers of real property at the lowest tax rate.

SYNOPSIS: Adds new sections 247-A and 247-B, HRS, supplying definitions and providing that the conveyance tax applies to a transfer or acquisition, or a series of transfers or acquisitions, including those combined with otherwise exempt transfers, by any person or entity acting alone or in concert, within any twelve-month period, that result in: (1) The transfer of a controlling interest in an entity with an interest in real property located in this State for valuable consideration; and (2) The transfer of control or ownership of the real property located in this State. Exempts transfers that consists of the mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership, including transfers to an entity wholly owned, directly or indirectly, by the same common ownership as the transferor.

Defines “Controlling Interest” as (1) For a corporation, either fifty per cent or more of the total combined voting power of all classes of stock of the corporation entitled to vote, or fifty per cent or more of the capital, profits, or beneficial interest in the voting stock of the corporation; and (2) For a partnership, association, trust, or other entity, fifty per cent or more of the capital, profits, or beneficial interest in the partnership, association, trust, or other entity.

Provides that for the sole purpose of determining whether a transfer or acquisition pursuant to the exercise of an option occurred within the thirty-six-month taxable transfer period, the date that the option agreement was executed shall be the date on which the transfer or acquisition of the controlling interest is deemed to occur. For all other purposes under this section, the date the option is exercised shall be the date of the transfer or acquisition of the controlling interest.

Provides that for purposes of this section, with regard to persons acting in concert: (1) All acquisitions of persons acting in concert shall be aggregated for the purpose of determining whether a transfer or acquisition of a controlling interest has taken place; (2) Persons shall be considered as acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership; (3) Persons

shall be considered to be acting in concert only when the unity with which the purchasers negotiate and consummate the transfer of ownership interests supports a finding that the persons are acting as a single entity; and (4) If acquisitions are completely independent and each purchaser purchases without regard to the identity of the other purchasers, then the acquisitions shall be considered separate acquisitions.

Amends section 247-2(a), HRS, to impose the tax in the case of a transfer or acquisition of a controlling interest pursuant to section 247-A on the fair market value of the real property owned by the entity at the time the controlling interest is transferred or acquired. Adds section 247-2(b) to define “fair market value” for purposes of transfers or acquisitions of a controlling interest pursuant to section 247-A, as the value of real property, as stated on the most recent real property assessment issued by the county in which the real property is located.

Amends section 247-3, HRS, to repeal the exemption for conveyances by entities that are parties to a merger or consolidation and for conveyances from a dissolving limited partnership to its corporate general partner that owns at least a 90% interest in the partnership. Conveyances in these categories are then taxed at the lowest conveyance tax rate regardless of the value of the realty involved.

Adds section 247-4(b), HRS, to impose a joint and severable liability for the tax on the transferor and transferee of the controlling interest.

Makes other conforming amendments.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation (which at the time also administered the real property tax) with additional data for the determination of market value of properties transferred. This information was also to assist the department in establishing real property assessed values and at that time the department stated that the conveyance tax was not intended to be a revenue raising device.

Prior to 1993, the conveyance tax was imposed at the rate of 5 cents per \$100 of actual and full consideration paid for a transfer of property. At the time all revenues from the tax went to the general fund. The legislature by Act 195, SLH 1993, increased the conveyance tax to 10 cents per \$100 and earmarked 25% of the tax to the rental housing trust fund and another 25% to the natural area reserve fund. Because of legislation in 2005 and in 2009, the conveyance tax rates were substantially increased and bifurcated between nonowner-occupied residential properties and all other properties. Tax brackets were based on the amount of value transferred.

The proposed measure attempts to make the conveyance tax into a comprehensive revenue generating tax by imposing the conveyance tax rates on “complex transactions” resulting in the indirect transfer of real property. Just as the federal tax code imposes withholding tax on transfers of “U.S. real property holding corporations” as well as U.S. real property, this bill is trying to

ensure that transfers of entities holding Hawaii real property are taxed under the conveyance tax just like the transfers of the real property itself.

We see two major policy concerns with this measure.

First, this additional taxable transaction increases the cost of restructuring ownership of entities by eliminating the exemption for conveyances of real property by an entity upon merger or consolidation. Upon a transfer of a controlling interest of an entity, the entity generally continues operations with either additional capital and/or new management, without specific values or consideration attributed to the entity's underlying real estate or other properties.

This tax increase will have a negative impact on entities looking for ways of staying in business. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cutting back on costs. This measure will increase the cost for the alternative of raising capital through restructuring.

Second, the agency set up to capture the tax is the Hawaii bureau of conveyances. It records deeds and other conveyance instruments that are presented to it. There is no problem having the bureau review documents for certain exemptions based on the tenor of the document or having the department of taxation brought in to review more complex exemptions or documents. But with this bill, someone will need to look out for transactions (purchases and sales of interests in entities) that aren't normally required to be reported to anyone. Certainly, the bureau is not institutionally equipped to do that, it would be a stretch for the department of taxation which has had only limited involvement with this tax before, and the bill itself doesn't appear to give taxpayers or the agencies guidance as to how taxpayers are supposed to be reporting, or how agencies are supposed to be collecting the tax on the more complex transactions. Suppose, for example, company B buys 51% of the outstanding common stock of company A holding real property. At present, the transaction is evidenced by the companies' own stock ledgers, and nothing is required to be reported to anyone. If the intent is now to require something to be filed at the bureau which would make the transaction subject to the conveyance tax, it is not delineated in the measure.

The conveyance tax, some of the history of which we recounted in this testimony, is basically a documentary stamp tax. It was never designed to be a comprehensive tax on the transfer of property, real or otherwise. If the latter is what is now intended, serious thought should be given to repealing the conveyance tax as it now exists and enacting a comprehensive tax on the direct or indirect transfer of interests in real property, with attendant reporting obligations and with enforcement responsibility given to an agency designed to enforce the tax.

Further, corporate law as it now exists does not impose a requirement to report any transactions that may be considered pieces of controlling interest transactions that are potentially taxable under this bill. We question how the Department of Taxation, or anyone else, would be apprised of the necessary information to enforce the law. And if the only way that the information would come to the Department is by voluntary compliance, it would seem that a large advantage could be gained by bad actors or even taxpayers ignorant of the law's requirements over the law-abiding chumps who know about the law and comply.

Re: HB 1918 HD1
Page 4

Should this bill move forward, more serious thought should be given to reporting and compliance issues, as well as delineating responsibilities for its enforcement.

Digested: 3/1/2026

To: House Committee on Finance
Re: **HB1918 HD1– Relating to Taxation**
Hawai'i State Capitol & Via Videoconference
March 3, 2026, 10:00 AM

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of HB1918 HD1**. This bill imposes conveyance tax on the transfer of a controlling interest of an entity with an interest in real property and on certain transfers of real property at the lowest tax rate. It also stipulates that the imposition of the conveyance tax shall not apply to any transfer of interest or acquisition that results in no change in the beneficial ownership, imposes the conveyance tax and imposes liability on the transferee in the event that the transferor of the controlling interest does not pay the tax due.

This bill updates Hawaii's conveyance tax to apply when an entity buys a controlling interest in a company that owns real property. Right now, some of those sales, which are basically the same as selling the property itself, avoid the tax. This bill closes that loophole.

Those who buy property directly pay the conveyance tax, but some investors can avoid it by buying a company instead. This bill makes the system more fair by preventing them from using corporate structures to avoid paying taxes on property transfers.

The conveyance tax helps fund important services that families in Hawai'i rely on. This bill doesn't raise the tax rate, but instead just makes sure the tax is applied consistently. In other words, the state can increase revenues without raising tax rates with this bill.

By treating property sales and equivalent entity transfers the same, this bill promotes fairness, prevents wealthy investors from avoiding taxes, and helps maintain the resources local families depend on. It does so without raising tax rates, simply making the system consistent and equitable.

Mahalo for the opportunity to provide this testimony. Please pass this bill.

Sincerely,

Nicole Woo
Director of Research and Economic Policy



Protect Democracy Move Forward

www.indivisiblehawaii.org

info@indivisiblehawaii.org

To: Hawai'i State House Committee on Finance
Re: Testimony in SUPPORT of HB1918 HD1

Dear Chair Todd, Vice Chair Takenouchi, and the Members of Committees,

Members of Indivisible Hawai'i thank you for this opportunity to testify in support of HB1918 HD1 which would impose conveyance tax on the transfers of entity ownership when the transfer is essentially equivalent to the sale of real property.

More of Hawai'i's real estate is being bought up by investors, and this tax makes sure that they are contributing more to local communities. Owners of luxury homes still pay very low conveyance tax rates, only about 0.5% to 1.25%. Other high cost housing cities like Seattle and San Francisco have much higher transfer taxes, ranging from 2 to 7 percent on high-value properties. For example, if Hawai'i raised its tax rates to between 2 and 6 percent for homes worth \$2 million or more, the state could bring in an extra \$300–400 million each year.¹

With the rising costs and federal budget cuts, Hawai'i desperately need additional revenue to pay for common good such as:

- Healthcare coverage for 441,000 children and adults
- Building affordable housing units, rental assistance, and homelessness programs
- Free and reduced-price school meals for 78,000 students and SNAP administration for over 163,000 residents
- Education and childcare for 165,000 students

Please pass HB1918 HD1 and thank you for your consideration.

Sincerely,
Younghee Overly
Indivisible Hawai'i Working Families Team

The mission of the 14-chapter Indivisible Hawai'i Statewide Network (IHSN) is to protect Hawai'i and democracy by defending civil rights, communities and values, most importantly, Hawai'i's Constitutionally protected spirit of Aloha. In October 2025, IHSN with other partners turned out over 22,000 residents on all major islands to say No Dictators! and to stand up for democracy. This call-to-action was part of Indivisible national's mobilization of more than 7

¹ <https://www.hitaxfairness.org/conveyance-tax>

million across the country as the voice of the people, committed to election integrity and to evolving as a place of equity, opportunity and peace.

March 3, 2026, 10 a.m.
Hawaii State Capitol
Conference Room 308 and Videoconference

To: House Committee on Finance
Rep. Chris Todd, Chair
Rep. Jenna Takenouchi, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: TESTIMONY OPPOSING HB1918 HD1 — RELATING TO TAXATION

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **opposes** [HB1918 HD1](#), which would impose a conveyance tax on the transfer of a controlling interest of an entity with real property located in the state.

Put simply, this bill seeks to expand the scope of the conveyance tax to include business transactions, presumably in the hopes of generating tax revenues.

Assuming that the headaches associated with administration and collection of this tax are not enough to give the Committee pause, there is reason to be concerned about the effect it could have on Hawaii businesses and real estate.

Even when applied directly, transfer taxes can have a negative impact on the economy. A report by the Sage Policy Group noted that high transfer taxes can “lead to decreases in population, real incomes, real estate transactions, investment in structures, and quality of the built environment.”¹

¹ [“The Unintended Consequences of Excessive Transfer Taxes,”](#) Sage Policy Group, Inc. on behalf of the Community Coalition for Jobs and Housing, June 2022, p. 3.

The same report added that transfer taxes are not a reliable source of tax revenues, and are particularly volatile in areas with especially high tax rates.²

In the case of this bill, those negative features of the conveyance tax are compounded by the fact that it would create complications and disincentives for the transfer or restructuring of local businesses. Thus, it would act as yet another burden on Hawaii businesses, discourage investment and hinder economic growth.

If the goal is to grow Hawaii's economy, then businesses need a break from new taxes, tax increases, fees and surcharges. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

² ["The Unintended Consequences of Excessive Transfer Taxes,"](#) p. 2.

March 3, 2026

The Honorable Chris Todd, Chair

House Committee on Finance

State Capitol, Conference Room 308 & Videoconference

RE: House Bill 1918, HD1, Relating to Taxation

HEARING: Tuesday, March 3, 2026, at 10:00 a.m.

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR provides **comments** on House Bill 1918, HD1, which imposes conveyance tax on the transfer of a controlling interest of an entity with an interest in real property. Stipulates that the imposition of the conveyance tax on transfers of entity ownership shall not apply to any transfer of interest or acquisition between entities wholly owned by the same common ownership that results in no change in the beneficial ownership. Imposes the conveyance tax on certain transfers of real property at the lowest tax rate. Imposes liability on the transferee in the event that the transferor of the controlling interest does not pay the tax due. Effective 7/1/3000.

HAR supports the principle of tax equity and fairness and recognizes the intent to treat transactions the same, whether the transfer occurs through a direct sale of real property or through the transfer of an ownership interest by an entity, which can include real property.

HAR notes that, unlike traditional real property transactions, transfers of a controlling interest in an entity are not recorded with the Bureau of Conveyances. HAR also notes that business entities often hold a mix of assets and liabilities, not solely real property, which this measure attempts to address by applying the controlling interest transfer tax at the lowest conveyance tax rate.

Mahalo for the opportunity to provide testimony on this measure.



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**The Thirty-Third State Legislature
House Committee on Finance
Tuesday, March 3, 2026
Conference Room 308
10:00 a.m.**

TO: The Honorable Chris Todd, Chair
FROM: Keali'i S. López, State Director
RE: Support for H.B. 1918, HD1 Relating to Taxation

Aloha Chair Todd and Members of the Committee:

My name is Keali'i S. López, State Director for AARP Hawai'i. AARP is a nonprofit, nonpartisan, social impact organization dedicated to empowering people age fifty and older to choose how they live as they age. We advocate for the issues that matter most to older adults and their families, including financial security, housing stability, and fairness in public policy. On behalf of our 135,000 members in Hawai'i, thank you for the opportunity to testify on **H.B. 1918, as amended.**

AARP continues to support H.B. 1918, as amended. The amended measure strengthens and improves the original bill by providing greater clarity, enforceability, and administrative certainty while preserving its central purpose: **closing a longstanding loophole that allowed certain high-value commercial real estate transactions to avoid the conveyance tax through indirect transfers of controlling interests.**

Key Improvements in the Amended Bill

Since its introduction, H.B. 1918 has been amended to achieve several important and constructive results that enhance fairness and implementation:

First, the amendments clarify how the conveyance tax is calculated for transfers of a controlling interest. Specifically, the tax is based on the **fair market value of the real property owned by the entity at the time the controlling interest changes hands**, including liens and encumbrances. This ensures the full value of the property is captured, prevents undervaluation of entity-based transfers, aligns indirect transfers with how value is assessed in direct real estate sales, and establishes clear, enforceable valuation rules that the Department of Taxation can administer without dispute.



Second, the amended bill defines **fair market value** as the **county assessed value from the most recent property tax assessment**. This objective and standardized approach avoids costly private appraisals, eliminates disagreements over valuation, applies uniformly across all counties, streamlines administration, and reduces the likelihood of legal challenges.

Third, the amendments clarify **who is responsible for paying the conveyance tax**. The bill confirms that the tax applies not only to recorded instruments such as deeds, leases, or assignments, but also to **transfers of a controlling interest even when no document is recorded**. This closes a critical enforcement gap and ensures that indirect transfers cannot evade taxation simply because they are structured off-record.

Finally, the bill establishes **joint and several liability** among responsible parties. This ensures the State always has a party from whom to collect the tax, prevents deliberate non-payment or disputes between parties from obstructing collection, and creates a strong incentive for buyers to verify compliance. Together, these provisions significantly strengthen overall tax enforcement.

Why AARP Supports H.B. 1918, as Amended

As amended, H.B. 1918 advances AARP's commitment to **tax fairness, transparency, and housing stability**. Everyday Hawai'i residents already pay the conveyance tax when buying or selling a home. This bill ensures that sophisticated commercial transactions are held to the same standard, regardless of how they are structured.

Closing this loophole also supports the long-term viability of the Rental Housing Revolving Fund and helps ensure that resources are available to address Hawai'i's urgent affordable housing needs, while maintaining appropriate exemptions and the lowest conveyance tax rate for certified low-income housing developers.

For these reasons, AARP respectfully asks that the Committee on Finance **pass H.B. 1918, HD1**.

Mahalo for the opportunity to testify in support of this measure.

March 3, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

RE: **HB 1918– RELATING TO TAXATION**
Hearing date – March 3, 2026 at 9:00 AM

Aloha Chair Todd, Vice Chair Takenouchi, and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to HB 1918– RELATING TO CONTROLLING INTEREST TRANSFER TAX**. NAIOP Hawaii is the Hawaii chapter of the nation’s leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders, and other professionals.

HB 1918 would expand Hawaii’s conveyance tax to apply not only to recorded transfers of real property, but also to transfers of a “controlling interest” in an entity that owns real property in the State. The bill further aggregates transfers occurring within a twelve-month period and applies when persons are deemed to be “acting in concert.” Although certain transfers with no change in beneficial ownership are excluded, the measure significantly broadens the scope of taxable transactions beyond traditional conveyances.

NAIOP Hawaii opposes this bill because it treats routine business transactions such as mergers, acquisitions, internal restructurings, and capital investments as taxable real property transfers. This approach will increase costs for businesses engaging in legitimate ownership changes and discourage investment in Hawaii real estate and development projects. Hawaii already imposes one of the highest conveyance tax burdens in the nation, and this bill further increases the cost of doing business in the State.

The bill also creates uncertainty and administrative complexity. The definitions of “controlling interest” and “acting in concert,” combined with the aggregation of

transactions over a twelve-month period, introduce ambiguity as to when the tax will apply. Businesses will face difficulty determining compliance obligations in advance, increasing the likelihood of disputes, audits, and litigation. These compliance challenges will fall particularly hard on small and locally owned businesses that lack the resources to navigate new tax structures.

In addition, imposing conveyance tax liability on transfers of interests in special purpose entities (SPEs) presents problems for real estate financing. Lenders frequently require borrowers to place a single asset into a dedicated SPE to isolate risk and ensure project stability. Under HB 1918, routine financing structures could trigger additional conveyance tax exposure even when there is no transfer of the underlying real property. This creates an unintended penalty on responsible financing practices and may reduce the feasibility of smaller projects.

Ultimately, this measure is likely to result in:

1. fewer transactions that meaningfully generate new tax revenue; and
2. reduced economic activity due to higher transaction and compliance costs.

NAIOP Hawaii is concerned that expanding the conveyance tax in this manner will reduce private sector investment in long-term projects that generate jobs, housing, and tax revenue. Hawaii is already viewed as one of the least business-friendly states in the nation, and this bill would further undermine efforts to attract and retain capital investment.

Rather than expanding the conveyance tax to cover entity ownership changes, the State should pursue policies that encourage development, promote investment, and stimulate economic growth. For these reasons, NAIOP Hawaii respectfully recommends that **HB 1918 be deferred.**

Mahalo for your consideration,



Ken Hayashida, President
NAIOP Hawaii

HB-1918-HD-1

Submitted on: 2/28/2026 6:22:13 AM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathleen Dickson	Individual	Support	Written Testimony Only

Comments:

I am writing in support of HB1918.

Other expensive cities like Seattle and San Francisco have much higher transfer taxes, ranging from 2 to 7 percent on high-value properties. If Hawai‘i raised its tax rates to between 2 and 6 percent for homes worth \$2 million or more, the state could bring in an extra \$300–400 million each year. A proposal called Senate Bill 678 would use that new revenue to fund affordable housing, homelessness programs, land conservation, and the state’s general fund—adding tens of millions of dollars to each.

This tax structure could be improved by switching to a marginal rate, similar to income taxes, where only the portion above each price threshold is taxed at higher rates. It could also be improved by increasing the rates on luxury homes and second homes.

- As a result, middle-class homeowners would pay a lower conveyance tax and owners of high-value homes (including out-of-state homeowners) would pay more.
- The extra revenue from these changes would go to key priorities like affordable rental housing, transportation infrastructure, and the Department of Hawaiian Homelands.

Revenue from the conveyance tax goes to affordable housing and conservation

- Part of Hawai‘i’s conveyance tax revenue goes into two special funds: the Legacy Land Conservation Fund and the Rental Housing Revolving Fund. The Legacy Land Fund helps buy and protect land with important natural and cultural resources. The Rental Housing Fund helps build affordable rental housing for low-income families. By law, these funds are capped:
 - \$5.1 million a year for land conservation and \$38 million for affordable housing, even if the state collects more.
- This proposal would also dedicate some of the conveyance tax revenue to the Department of Hawaiian Homelands.

Mahalo,

Kathleen Dickson

Waikiki

HB-1918-HD-1

Submitted on: 3/1/2026 11:08:32 AM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lily Troy MD	Individual	Support	Written Testimony Only

Comments:

I support HB1918 HD1

the ultra wealthy need to give BACK

NON RESIDENTS BUYING SHOULD HAVE HIGHER RATE !!

HB-1918-HD-1

Submitted on: 2/28/2026 10:22:04 AM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kanani Kai	Individual	Support	Written Testimony Only

Comments:

I SUPPORT HB1918.

Mahalo,

Kanani Kai

Member Indivisible Hawaii

HB-1918-HD-1

Submitted on: 3/1/2026 6:48:41 AM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
James E Raymond	Individual	Support	Written Testimony Only

Comments:

Thank you. I am a member of Indivisible Windward.

HB-1918-HD-1

Submitted on: 3/1/2026 8:37:01 AM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ann Pitcaithley	Individual	Support	Written Testimony Only

Comments:

I am in strong support of HB 1918. Investors in real estate in Hawai‘i have not paid their fair share.

HB-1918-HD-1

Submitted on: 3/1/2026 1:56:19 PM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jessica Kuzmier	Individual	Comments	Written Testimony Only

Comments:

Aloha, I am for a conveyance tax on luxury homes. Mahalo for your consideration.

HB-1918-HD-1

Submitted on: 3/2/2026 4:42:33 PM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jane Aquino	Individual	Support	Written Testimony Only

Comments:

Out of State purchases of Hawaiian Real Estate need to share the cost with a higher Confeyance Tax.

Thank you, Jane Aquino Indivisible Hawaii.

HB-1918-HD-1

Submitted on: 3/2/2026 10:59:39 PM

Testimony for FIN on 3/3/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jody Weidemann	Individual	Support	Written Testimony Only

Comments:

Hawaii should not be only for the wealthy. They want to live her they need to support the community and the locals who need housing.