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STATE OF HAWAII
DEPARTMENT OF TAXATION

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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

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

BEFORE THE:

House Committee on Water & Land

DATE: Thursday, February 5, 2026

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 411

Chair Hashem, Vice-Chair Morikawa, and Members of the Committee:

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

H.B. 1918 amends chapter 247, Hawaii Revised Statutes (HRS), primarily by adding two new sections that extend the conveyance tax to transfers or acquisitions - even those normally exempt - 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; and
- 2) The transfer of control or ownership of the real property located in the state, within any twelve-month period,

provided that there is a change in "beneficial ownership."

The first new section 247-A, also specifies that "all acquisitions of persons acting in concert shall be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place" and requires DOTAX to adopt administrative rules to make such a determination. It also gives DOTAX the option to enforce certain obligations of the seller and 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 profit corporation entitled to vote, or fifty per cent of the capital, profits, or beneficial interest in the voting stock of the profit 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.”

The second new section 247-B, 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 (HHFDC) for low-income housing development, will be taxed at the lowest rate applicable under section 247-2(1). The measure also expands the definition of "transfers or conveyances" in section 247-1 to include "the transfer or acquisition of a controlling interest" as defined by the new section 247-A, and amends section 247-3 by eliminating the current conveyance tax exemptions for:

- 1) conveyances from an entity that is party to a merger or consolidation to the surviving or new entity;
- 2) conveyances from a dissolving limited partnership to its general partner with at least a 90 per cent interest; and
- 3) conveyances based on the transfer of death deed under chapter 27.

The bill takes effect on July 1, 2026.

First, DOTAX recommends amending section 247-2, HRS, to clarify how the conveyance tax will be calculated for transfers or acquisitions of a controlling interest. Under section 247-2, HRS, the amount of conveyance tax is determined by applying the rate of tax to the "actual and full consideration . . . paid or to be paid for all transfers or conveyance of realty or any interest therein." If the intent of the bill is to base the conveyance tax on the fair market value of the property at the time of the transfer or acquisition of the controlling interest, DOTAX recommends amending section 247-2, HRS, as follows:

§247-2 Basis and rate of tax. (a) The tax imposed by section 247-1 shall be based on the actual and full consideration (whether cash or otherwise, including any promise, act, forbearance, property interest, value, gain, advantage, benefit, or profit), paid or to be paid for all transfers or conveyance of realty or any interest therein, or in the case of a transfer or acquisition of a controlling interest pursuant to section 247- , the fair market value of the real property owned by the entity at the time the controlling interest is transferred or acquired, that shall include any liens or encumbrances thereon at the

time of sale, lease, sublease, assignment, transfer, or conveyance, and shall be at the following rates:

- (1) Except as provided in paragraph (2):
 - (A) Ten cents per \$100 for properties with a value of less than \$600,000;
 - (B) Twenty cents per \$100 for properties with a value of at least \$600,000, but less than \$1,000,000;
 - (C) Thirty cents per \$100 for properties with a value of at least \$1,000,000, but less than \$2,000,000;
 - (D) Fifty cents per \$100 for properties with a value of at least \$2,000,000, but less than \$4,000,000;
 - (E) Seventy cents per \$100 for properties with a value of at least \$4,000,000, but less than \$6,000,000;
 - (F) Ninety cents per \$100 for properties with a value of at least \$6,000,000, but less than \$10,000,000; and
 - (G) One dollar per \$100 for properties with a value of \$10,000,000 or greater; and
- (2) For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption on property tax:
 - (A) Fifteen cents per \$100 for properties with a value of less than \$600,000;
 - (B) Twenty-five cents per \$100 for properties with a value of at least \$600,000, but less than \$1,000,000;
 - (C) Forty cents per \$100 for properties with a value of at least \$1,000,000, but less than \$2,000,000;
 - (D) Sixty cents per \$100 for properties with a value of at least \$2,000,000, but less than \$4,000,000;
 - (E) Eighty-five cents per \$100 for properties with a value of at least \$4,000,000, but less than \$6,000,000;
 - (F) One dollar and ten cents per \$100 for properties with a value of at least \$6,000,000, but less than \$10,000,000; and
 - (G) One dollar and twenty-five cents per

\$100 for properties with a value of \$10,000,000 or greater, of ~~[such]~~ the actual and full consideration; provided that in the case of a lease or sublease, this chapter shall apply only to a lease or sublease whose full unexpired term is for a period of five years or more, and in those cases, including (where appropriate) those cases where the lease has been extended or amended, the tax in this chapter shall be based on the cash value of the lease rentals discounted to present day value and capitalized at the rate of six per cent, plus the actual and full consideration paid or to be paid for any and all improvements, if any, that shall include on-site as well as off-site improvements, applicable to the leased premises; and provided further that the tax imposed for each transaction shall be not less than \$1.

(b) For purposes of this section, "fair market value" means, for purposes of transfers or acquisitions of a controlling interest pursuant to section 247- , 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.

Second, DOTAX notes that adding a tax on controlling interest transfers to the conveyance tax will pose challenging administrative and potential enforcement problems. It will be difficult for DOTAX to identify when transfers of controlling interests occur. Real estate sales are publicly reported and available in the Bureau of Conveyances, which accepts conveyance tax forms and remittances. However, controlling interest transfers are not publicly available or reported to the Bureau of Conveyances or any other government agency.

DOTAX recommends amending section 247-4, HRS, to impose liability on the transferee and the entity in the event the transferor of the controlling interest does not pay the tax due. This will assist with taxpayer compliance and help DOTAX in enforcement efforts:

(a) The tax imposed by this chapter shall be paid by the grantor, lessor, sublessor, assignor, transferor, seller, conveyor, or any other person conveying realty, or any interest therein, by a document ~~[or]~~, instrument, or transfer of a controlling interest subject to section 247-1; except,

however, in the case where the United States or any agency or instrumentality thereof or the State or any agency, instrumentality, or governmental or political subdivision thereof is the grantor, lessor, sublessor, assignor, transferor, seller, or conveyor, the tax shall be paid by the grantee, lessee, sublessee, assignee, transferee, purchaser, or conveyee, as the case may be.

(b) In the case of a transfer or acquisition of a controlling interest under section 247-A, if the person or persons who transfer the controlling interest fail to pay the tax imposed by this chapter, the person or persons who acquire the controlling interest and the entity in which the controlling interest is transferred or acquired shall be jointly and severally liable for the tax.

~~(b)~~ (c) The tax imposed by this chapter shall be paid at such place or places as the director of taxation may direct and shall be due and payable no later than ninety days after the taxable transaction, and in any event prior to the imprinting of the seal or seals as provided by section 247-5. Penalties and interest shall be added to and become a part of the tax, when and as provided by section 231-39.

Third, DOTAX requests that the provision in the bill on page 4, lines 12 to 15, which requires the director of taxation to adopt administrative rules, be deleted as DOTAX has rulemaking authority under section 231-3(9), HRS.

Finally, DOTAX recommends an effective date of January 1, 2028, to allow it to implement the changes in the bill, including the promulgation of administrative rules, development of new forms and instructions, system changes, and notice to taxpayers.

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



Protect Democracy Move Forward

www.indivisiblehawaii.org

info@indivisiblehawaii.org

To: Hawai'i State House Committee on Water and Land
Re: Testimony in STRONG SUPPORT of HB1918

Dear Chair Hashem, Vice Chair Morikawa, and the Members of Committee,

Members of Indivisible Hawai'i thank you for this opportunity to testify in strong support of HB1918 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.

The additional tax revenue from tweaking the conveyance tax could fund affordable housing, homeless programs, land conservation, and so on.

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 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.

HB-1918

Submitted on: 2/3/2026 10:14:02 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Hello Chair and Members of the Committee,

My name is Nanea Lo, and I respectfully submit testimony in strong support of HB1918. I am a board member of Hawai‘i Workers Center and also a member of the Hawai‘i Tax Fairness Coalition.

Hawai‘i Workers Center works to advance economic justice, housing stability, and dignity for working families across our state, while the Hawai‘i Tax Fairness Coalition advocates for a more equitable and sustainable tax system. From both perspectives, HB1918 closely aligns with efforts to ensure that Hawai‘i’s revenue policies fairly reflect today’s housing market and reinvest in the communities most affected by rising costs.

Hawai‘i continues to face a severe housing affordability crisis driven in large part by soaring real estate prices, particularly in the luxury market. The conveyance tax—paid once at the time a property is sold—has long been one of the state’s tools to generate revenue for affordable housing and land conservation. However, despite dramatic increases in property values, current conveyance tax rates on high-end properties remain relatively low, generally ranging from about 0.5 to 1.25 percent.

In comparison, other high-cost cities such as Seattle and San Francisco impose significantly higher transfer taxes on luxury properties, with rates between 2 and 7 percent. If Hawai‘i adopted higher rates for homes valued at \$2 million or more, the state could raise an estimated \$300 to \$400 million annually. Those funds could be directed toward urgent public needs, including affordable housing production, homelessness programs, land conservation, transportation infrastructure, and support for the Department of Hawaiian Homelands.

HB1918 also presents an opportunity to modernize Hawaii’s tax structure by adopting a marginal rate system—similar to income taxes—so that higher rates apply only to the portion of a property’s value above certain thresholds. This approach would protect middle-class homeowners while ensuring that owners of high-value and second homes, including many out-of-state buyers, contribute more fairly to the state’s future.

Currently, portions of the conveyance tax are deposited into the Legacy Land Conservation Fund and the Rental Housing Revolving Fund, which support the protection of culturally and environmentally significant lands and the construction of affordable rental housing for low-

income families. Yet these funds are capped by statute at \$5.1 million annually for land conservation and \$38 million for affordable housing, even when collections exceed those amounts. HB1918's proposal to revisit these allocations and dedicate revenue to the Department of Hawaiian Homelands would further strengthen the state's ability to meet pressing community needs.

By updating the conveyance tax structure to reflect today's market realities, HB1918 promotes fairness, sustainability, and long-term investment in Hawai'i's people and 'āina. It asks those who benefit most from the state's high-end real estate market to contribute more toward solutions that keep local families housed and preserve the resources that make Hawai'i home.

me ke aloha 'āina,

Nanea Lo, 96826

Hawai'i Workers Center Board Member
HI Tax Fairness Member

February 5, 2026

The Honorable Mark J. Hashem, Chair

House Committee on Water & Land

State Capitol, Conference Room 411 & Videoconference

RE: House Bill 1918, Relating to Taxation

HEARING: Thursday, February 5, 2026, at 9:00 a.m.

Aloha Chair Hashem, Vice Chair Morikawa, 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, 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.

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 Water & Land
Thursday, February 5, 2026
Conference Room 411
9:00 a.m.**

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

Aloha Chair Hashem and Members of the Committee:

I am Keali'i Lopez, State Director for AARP Hawai'i. AARP is the nation's largest nonprofit, nonpartisan, social impact organization dedicated to empowering people 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: health and financial security, and personal fulfillment. On behalf of our 135,000 members in Hawai'i, thank you for the opportunity to testify on H.B. 1918.

AARP supports H.B. 1918 which updates Hawai'i's conveyance tax to **ensure fairness by closing a loophole**. The bill applies the existing conveyance tax to transactions where a person or entity acquires a *controlling interest* in a business that owns real property—**treating these indirect transfers the same as direct real estate sales**. It also appropriately clarifies exemptions for transfers that do not change beneficial ownership and maintains the lowest tax rate for certain types of transactions, including those involving certified low-income housing developers, mergers, and wholly owned entities.

H.B. 1918 aligns with AARP's commitment to transparency, fairness, and a stable housing ecosystem. It advances equitable taxation by ensuring that sophisticated commercial transactions contribute to their fair share of conveyance taxes. HB 1918 ensures all property transfers are treated fairly, regardless of how the transaction is structured. It closes a longstanding loophole that has allowed commercial real estate deals to avoid paying the conveyance tax. Everyday residents already pay the conveyance tax when buying or selling a home; this bill requires high-value commercial transactions to do the same, creating a more equitable system.



February 5, 2026

H.B. 1918 AARP Testimony – Support

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H.B. 1918 brings parity between direct real estate sales and indirect transfers made through business entities. AARP supports strengthening the Rental Housing Revolving Fund, and closing this loophole helps ensure the fund can grow if the current cap is increased or removed. The bill maintains the lowest conveyance-tax rate for certified low-income housing developers, supporting the creation of affordable housing across the state.

Affordable housing and rental stability are urgent needs in Hawai'i, and H.B.1918 positions the state to better support those needs over the long term and is a critical step in the right direction. AARP asks that the Committee on Water & Land pass H.B. 1918.

Mahalo for the opportunity to testify in support of H.B. 1918.

Feb. 5, 2026, 9 a.m.
Hawaii State Capitol
Conference Room 411 and Videoconference

To: House Committee on Water & Land
Rep. Mark. J. Hashem, Chair
Rep. Dee Morikawa, Vice Chair

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

RE: TESTIMONY OPPOSING HB1918 — RELATING TO TAXATION

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **opposes** [HB1918](#), 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 increase, 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.

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

INTRODUCED BY: EVSLIN, GRANDINETTI, HASHEM, HOLT, ILAGAN, KAHALOA, KAPELA, LEE, M., LOWEN, MATAYOSHI, PERRUSO, POEPOE, SAYAMA, TARNAS

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-B 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-B, 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.

Makes other conforming amendments.

EFFECTIVE DATE: July 1, 2026.

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.

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: 2/3/2026

Cindy Freitas

makainanqi@gmail.com

OPPOSE UNLESS AMENDED – H.B. 1918

RELATING TO CONVEYANCE TAX / ENTITY TRANSFERS

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

I respectfully submit testimony **OPPOSING H.B. 1918 UNLESS AMENDED.**

H.B. 1918 expands the conveyance tax to apply to transfers of a **controlling interest (50% or more)** in entities that own Hawai‘i real property, even when no deed is recorded. While addressing tax avoidance is a valid goal, the bill **imposes a new tax regime without the clarity, fairness, and due-process safeguards necessary to prevent unintended harm.**

WHAT IS MISSING FROM H.B. 1918

- **Clear valuation standards.** The bill does not specify how to value entity-interest transfers, including treatment of debt, liabilities, or minority discounts, creating risk of inconsistent or inflated assessments.
- **Safe harbors for ordinary transactions.** There are no exemptions for estate planning, family successions, internal reorganizations, or non-speculative business transactions that are not functional property sales.
- **Limits on the “acting in concert” standard.** The aggregation rule is overly broad and lacks bright-line tests, exposing unrelated or independent parties to retroactive aggregation and audit risk.
- **Protections for small and local owners.** The bill treats large institutional investors and small, locally owned entities the same, with no thresholds, reduced rates, or protections for legacy or owner-occupied properties held in entities.
- **Due process and appeal framework.** The bill authorizes taxation without establishing a clear administrative appeal process, timelines, or standards before penalties accrue.
- **Anti-double-taxation safeguards.** There are no credits or offsets to prevent multiple conveyance taxes on the same underlying property when an entity later sells the real estate.
- **Fiscal and economic impact analysis.** The bill provides no revenue projections or analysis of impacts on housing costs, business transfers, or local investment.
- **Transition and education period.** The effective date precedes clear guidance, with no safe-harbor period to educate taxpayers and prevent penalties during initial implementation.

REQUIRED AMENDMENTS (OPPOSE UNLESS ADOPTED)

H.B. 1918 should not advance unless amended to:

1. Establish **uniform valuation rules** for entity-interest transfers;

2. Create **safe harbors** for estate planning, family successions, and internal reorganizations;
3. Narrow and define “**acting in concert**” with bright-line exclusions;
4. Add **small-business and local-owner protections** or thresholds;
5. Provide a **clear appeal and due-process framework**;
6. Prevent **double taxation** through credits or offsets;
7. Include **fiscal impact reporting** and a **transition/education period**.

CONCLUSION

Tax policy must be **clear, predictable, and proportionate**. Without the safeguards above, H.B. 1918 risks over-taxation, inconsistent enforcement, and unintended harm to ordinary business and family transactions.

For these reasons, I **OPPOSE H.B. 1918 UNLESS AMENDED**.

Mahalo,

Cindy Freitas

HB-1918

Submitted on: 2/2/2026 7:59:30 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Gina Borgman	Individual	Support	Written Testimony Only

Comments:

Thank you

HB-1918

Submitted on: 2/2/2026 8:19:45 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nancy D Moser	Individual	Support	Written Testimony Only

Comments:

Thank you.

HB-1918

Submitted on: 2/2/2026 10:31:30 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Tim Huycke	Individual	Support	Written Testimony Only

Comments:

I support HB1918.

HB-1918

Submitted on: 2/3/2026 8:46:18 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Michelle Bonk	Individual	Support	Written Testimony Only

Comments:

As a supporter of Indivisible Hawai'i I ask you to pass this bill.
Thank you.

HB-1918

Submitted on: 2/3/2026 11:31:14 AM

Testimony for WAL on 2/5/2026 9:00:00 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

Submitted on: 2/3/2026 11:36:50 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Polk	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Hashem, Vice Chair Morikawa, and members of the committee.

I am in strong support of increasing the conveyance tax on luxury homes. The state needs to raise the money to be sure we can continue services to the less well off members of our community. This is one of several ways that have been suggested. I hope that all of them will be passed.

HB-1918

Submitted on: 2/3/2026 11:43:16 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Vivian S. Toellner	Individual	Support	Written Testimony Only

Comments:

Please increase the tax on the wealthy. Why make the rich, richer? Luxury home / property should stop expecting special treatment that lines their GREEDY Pockets. Please use the special fund to build TRULY AFFORDABLE HOUSING and too save portions of paradise from BIG DEVELOPEMENT !

HB-1918

Submitted on: 2/3/2026 11:45:45 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Martha Nakajima	Individual	Support	Written Testimony Only

Comments:

I support this bill which, if passed, will modestly improve tax fairness in Hawaii. Thank you.
Martha Nakajima, Honolulu, member of Indivisible

HB-1918

Submitted on: 2/3/2026 12:00:25 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

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

Comments:

I support HB 1918

HB-1918

Submitted on: 2/3/2026 5:42:12 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Elizabeth Weltin	Individual	Support	Written Testimony Only

Comments:

My name is Elizabeth Weltin, and I am submitting testimony in strong support of SB678.

The conveyance tax is a one-time tax paid when property is sold. Unlike annual property taxes, it does not affect homeowners year after year. This tax plays an important role in funding affordable housing and land conservation, both of which have been deeply impacted by Hawai‘i’s extreme real estate prices. Despite this, owners of very high-value properties continue to pay remarkably low conveyance tax rates—generally between 0.5 and 1.25 percent—even as luxury home values have skyrocketed.

In other high-cost cities such as Seattle and San Francisco, transfer taxes on expensive properties range from 2 to 7 percent. If Hawai‘i adopted a similar approach for homes valued at \$2 million or more, the state could raise an estimated \$300–400 million annually. SB678 directs this additional revenue to affordable housing, homelessness programs, land conservation, the Department of Hawaiian Homelands, and the general fund—areas that urgently need stable funding.

I support improving the conveyance tax by adopting a marginal rate structure and increasing rates on luxury and second homes. These changes would lower the burden on middle-class homeowners while ensuring that high-value and out-of-state property owners contribute more fairly. SB678 is a sensible and equitable step toward addressing Hawai‘i’s housing crisis and protecting the resources that make this state home.

Mahalo for the opportunity to submit testimony in support of SB678.

Elizabeth Weltin as an individual citizen and on behalf of Ka‘ū Voices-An Indivisible Chapter and member of the Indivisible Hawai‘i Statewide Network (IHSN)

HB-1918

Submitted on: 2/3/2026 7:37:32 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Judith White	Individual	Support	Written Testimony Only

Comments:

Important to pass,

Judith White, Psy.D.

Member, Kauai Indivisible

HB-1918

Submitted on: 2/3/2026 7:45:29 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Philip Morgan	Individual	Support	Written Testimony Only

Comments:

I support a luxury tax on luxury homes. Wealthy spenders are a large part of why it is so expensive to live in Hawaii, especially in housing. The rich can move here and buy while locals can hardly afford to pay rent. A luxury tax would bring in some money to help those who need it.

HB-1918

Submitted on: 2/3/2026 8:30:50 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Robert Justice, M.D.	Individual	Support	Written Testimony Only

Comments:

As a retiree and member of Indivisible Hawaii, we are fortunate that my wife and I were able to move back to her home state before real estate prices skyrocketed. Second homes and investment homes by wealthy individuals are a major cause of the extremely high housing costs in Hawaii. It is unfortunate that too many younger people have to move to the mainland to be able to afford a home. This bill is not a solution to the problem but at least it is a start.

HB-1918

Submitted on: 2/4/2026 1:34:16 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Brandt	Individual	Support	Written Testimony Only

Comments:

Strong support.

HB-1918

Submitted on: 2/4/2026 6:16:33 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alicia Hedlesky	Individual	Support	Written Testimony Only

Comments:

02/04/2026

Committee on Water and Land

Rep. Mark J. Hashem, Chair

Rep. Dee Morikawa, Vice Chair

RE: TESTIMONY IN SUPPORT OF HB1918

Dear Chair Hashem, Vice Chair Morikawa, and Members of the Committee,

My name is Alicia Hedlesky, a resident of Moloa'a, Kauai and a member of Indivisible Hawaii. I am writing to strongly support HB1918, which would generate funds for conservation and affordable housing while making real estate investors contribute more to the local economy.

Thank you for your consideration and the opportunity to testify on this important issue,

Alicia Hedlesky

HB-1918

Submitted on: 2/4/2026 10:13:02 AM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lori Kizer	Individual	Support	Written Testimony Only

Comments:

I support this bill and ask my elected officials to approve/pass. Mahalo.

HB-1918

Submitted on: 2/4/2026 3:36:49 PM

Testimony for WAL on 2/5/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kehaulani Coleman	Individual	Support	Written Testimony Only

Comments:

PLEASE SUPPORT