

**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARY ALICE EVANS
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Statement of
MARY ALICE EVANS, Director

before the
**HOUSE COMMITTEE ON HOUSING
&
HOUSE COMMITTEE ON WATER & LAND**

Friday, February 6, 2026

8:45 AM

State Capitol, Conference Room 430

in consideration of
**HB 2049
RELATING TO HOUSING.**

Chairs Evslin and Hashem, Vice Chairs Miyake and Morikawa, and Members of the House Committees on Housing & Water and Land.

The Office of Planning and Sustainable Development (OPSD) **supports with comments** on HB 2049, which restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis and ties conveyance tax rates to a cost-of-living adjustment. It also allocates a portion of conveyance tax collections to the Dwelling Unit Revolving Fund (DURF) to fund infrastructure programs in county-designated transit-oriented development (TOD) areas that meet minimum standards of transit-supportive density and establishes a dedicated conveyance tax allocation to the Department of Hawaiian Homelands.

OPSD **supports** State investment in higher-density, mixed-use communities around rail stations and areas designated for TOD served by public transit—this allows individuals and households of all income ranges to live in proximity to goods, services, and other amenities and promotes more walkable, vibrant communities for all residents. This is in line with the TOD Council's Strategic Plan to have individuals and families living in a transit-friendly area where goods and services are near their residence.

As noted in the measure, the *TOD Infrastructure Finance and Delivery Strategy Study* conducted by OPSD pursuant to Act 88, Session Laws of Hawai'i 2021, found that new revenue sources were needed to help address the significant funding gap for public infrastructure required in key TOD areas statewide.

A key recommendation of the Study was to increase revenues from available tax mechanisms, such as the conveyance tax, and to dedicate a portion of the increased tax revenues to address infrastructure and housing needs in TOD areas.

Thus, OPSD **supports** amendments that direct portions of the conveyance tax revenues to supportive housing and DURF for housing and infrastructure in county-designated TOD areas. These funding sources are essential to increasing and preserving Hawai'i's housing stock and increasing housing in transit-oriented communities.

Thank you for the opportunity to testify on this measure.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII 'I
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 'I 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2049, Relating to Housing

BEFORE THE:

House Committees on Housing, and Water & Land

DATE: Friday, February 6, 2026

TIME: 8:45 a.m.

LOCATION: State Capitol, Room 430

Chairs Evslin and Hashem, Vice-Chairs Miyake and Morikawa, and Members of the Committees:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2049 for your consideration.

Section 2 of H.B. 2049 amends section 201H-191, Hawaii Revised Statutes (HRS) to direct conveyance tax revenues collected pursuant to section 247-7(4), HRS, be deposited to the dwelling unit revolving fund, restricting those proceeds to transit-supportive density infrastructure programs. "Transit-supportive density" is defined to have the same meaning as in section 206E-246, HRS.

Section 3 of H.B. 2049 amends section 247-2(a), HRS, to restructure the conveyance tax to a marginal rate system. For the first category in 247-2(a)(1), HRS, the following new description is added: "For the sale of a property with a residential dwelling unit for which the purchaser is eligible for a county homeowner's exemption from property tax." A new top bracket is added for properties with a value of at least \$20,000,000.

For the second category in 247-2(a)(2), HRS, the description is changed from "a condominium or single-family residence," to "a property with a residential dwelling unit." A new top bracket is also added for properties with a value of at least \$20,000,000.

A third category is created, 247-2(a)(3), HRS, “for the sale, lease, sublease, or assignment of any property with no residential dwelling unit.” The top bracket is for a property with values of at least \$10,000,000.

Additionally, a new provision is added specifying that any conveyance of property that is used for transient accommodations (as defined in section 237D-1, HRS) for any period during the two years prior to the date of conveyance will be subject to the tax imposed under 247-2(a)(2), HRS.

The bill further specifies a new method of applying the conveyance tax rates to a “multifamily residential property,” defined as “a structure that is located within the state urban land use district and divided into five or more dwelling units.” For conveyances of multifamily residential properties, the “value,” for purposes of determining the relevant conveyance tax rates under section 247-2(a)(2), HRS, is determined by dividing the actual and full consideration by the number of residential dwelling units in the property. The conveyance tax is then calculated by applying the applicable rate to the actual and full consideration for the transfer of the property.

Section 3 also amends section 247-2(b), HRS, to require the director of taxation to recompute, no later than December 15 of the preceding calendar year, the rates in section 247-2(a), HRS, based on a cost-of-living adjustment (COLA) factor. The cost-of-living adjustment factor is calculated by adding 1.0 to the quotient of the percentage change in the Urban Hawaii Consumer Price Index (UHCPI) for all items divided by 100, as published by the United States Department of Labor, from July of the preceding calendar year to July of the current year. If the UHCPI is discontinued, the Chained Consumer Price Index for all Urban Consumers, as published by the U.S. Department of Labor, will be substituted to determine the COLA factor.

Section 4 amends section 247-7 by adding two special funds to receive allocations of conveyance tax revenues. It also increases the minimum distribution amounts for the two special funds currently receiving allocations from conveyance tax revenue.

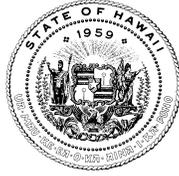
The measure takes effect on July 1, 2026.

DOTAX requests that the effective date be amended to January 1, 2027, to allow sufficient time to make the necessary form and instruction changes.

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

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEES ON HOUSING AND
WATER & LAND
ON FEBRUARY 6, 2026 AT 8:45AM IN CR 430

HB 2049, RELATING TO HOUSING

February 6, 2026

Aloha Chairs Evslin and Hashem, Vice Chairs Miyake and Morikawa, and Members of the Committees:

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which 1) restructures the conveyance tax to a marginal rate system for the sale of properties with residential use, 2) adjusts the tax for multifamily properties to reflect value on a per-unit basis, 3) applies a cost-of-living adjustment to conveyance tax rates, 4) allocates revenues from conveyance tax collections, 5) allocates a portion of conveyance tax collections to the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas that meet minimum standards of transit-supportive density and 6) allocates a portion of conveyance tax revenues to the Hawaiian Home Lands Trust Fund.

This bill would allocate thirty per cent or \$60,000,000, whichever is less, to be paid into the Hawaiian Home Lands Trust Fund. At this rate, DHHL would be able to complete all twenty-eight (28) Act 279, Session Laws of Hawaii 2022, projects within 10-12 years (see attachment). This bill would provide predictable funding for multi-year planning and infrastructure while also leveraging additional public and private capital for beneficiary housing.

Thank you for your consideration of our testimony.

An Annual Appropriation of \$60M will enable DHHL to deliver more than 8,000 Lots by 2039, unlocking \$5.2 billion in Private Funding

DHHL Site Development Lots Developed by Year



Phase 1: Infrastructure Development (2029 Completion)

Based on internal projections, DHHL will exhaust the initial \$600 million from Act 279, used for site infrastructure for approximately 2,100 lots, by 2029.

Housing Construction & Financial Model

Once site infrastructure is complete, private developers will build single- and multi-family units.

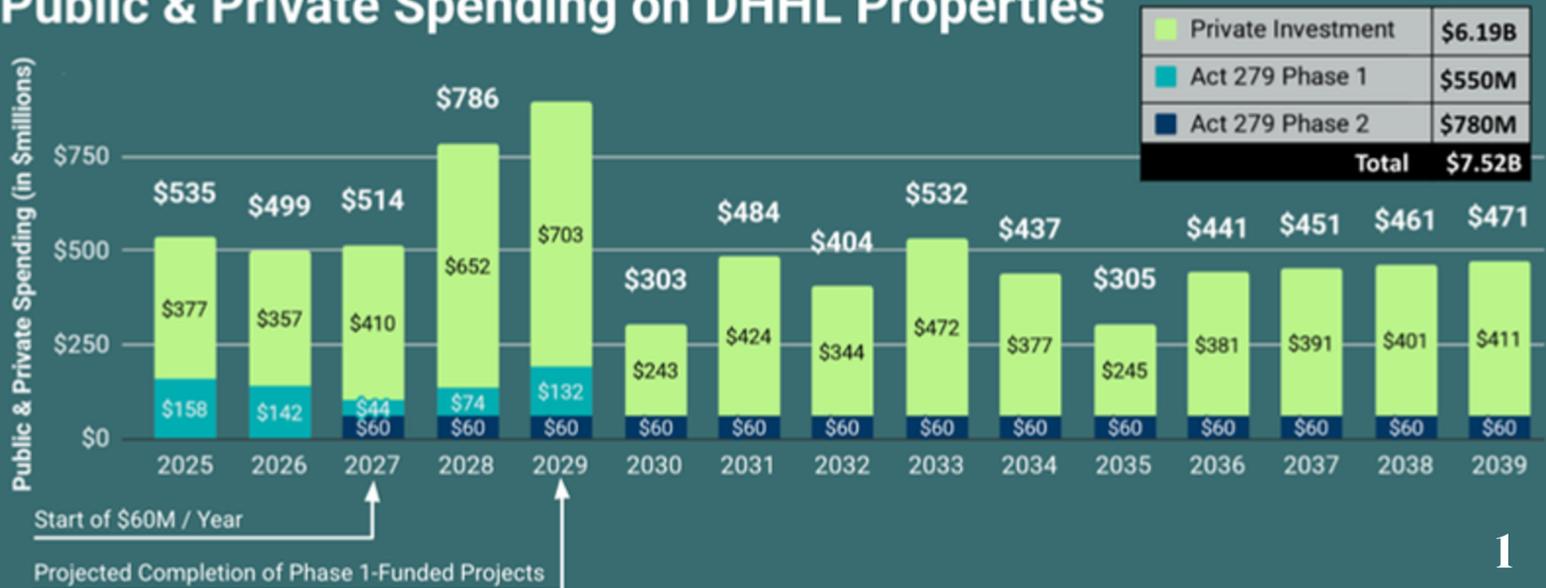
- **Average Vertical Construction Cost:** \$630,000* per unit
- **Total Projected Private Development Cost:** \$6.19 billion

Phase 2: Portfolio Completion (FY 2039 Projection)

With an additional \$60 million per year (starting in Fiscal Year 2027), DHHL expects to prepare site infrastructure for its entire portfolio, adding approximately 6,100 lots. All site infrastructure is projected to be complete by the end of Fiscal Year 2039.

* Calculations assume 2.5% annual inflation for years 2026 and beyond.

Public & Private Spending on DHHL Properties



Exploring Financing Strategies

DHHL considered a comprehensive range of financial options for Phase 2 Act 279 funding and deliver developed lots to beneficiaries, with a focus on balancing speed of development with long-term Departmental stability.

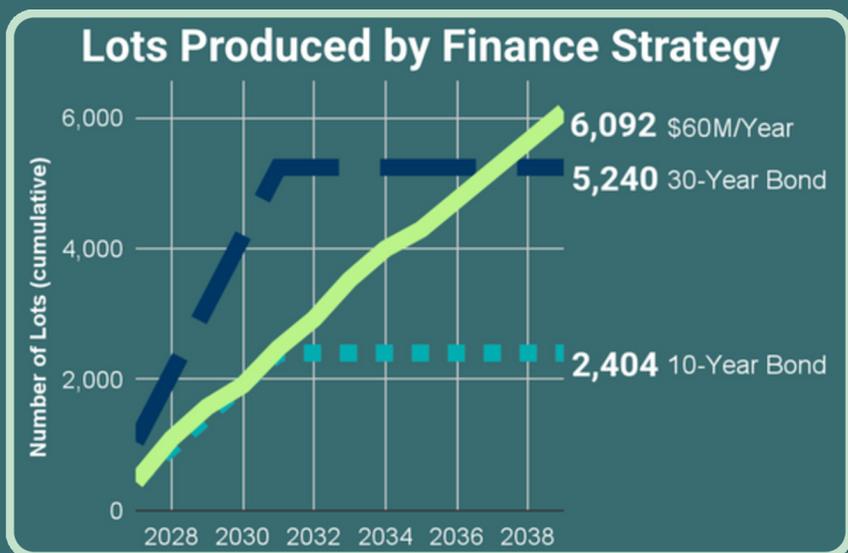
Recently, DHHL considered using annual state funding as a dedicated source for debt-service payments. This would provide a significant influx of funds for construction activities.

Analysis of Bonding and Debt Financing

To determine the optimal finance strategy, DHHL considered the Return on Investment (ROI) for general obligation bonds. The results favor a direct cash-based approach. The findings were:

- **High Cost, Reduced Output:**
 - 10-Year Financing: This option would yield 60% fewer lots (only 2,404 developed vs. 6,092 projected), making it financially unviable.
 - 30-Year Financing: This option would produce 15% fewer lots (5,240 developed vs. 6,092 projected) while simultaneously incurring long-term debt.
- Bonding would require DHHL to allocate significant funds towards interest and financing costs instead of directly investing that capital into site construction and infrastructure development.

Ultimately, the analysis demonstrated that while debt financing might offer an upfront capital injection, its long-term cost drastically reduces the total number of lots DHHL can deliver, making it a poor fit for maximizing the program's impact.



Bond Period:	10-Years	30-Years
Total Borrowed	\$505.3M	\$1,103.5M
Interest Rate:	3.25%	3.50%
Term (Years):	10	30

Annual Debt Service:	\$60M	\$60M
Annual Principal:	\$43.6M	\$21.4M
Annual Interest:	\$16.4M	\$38.6M

Total Payments	\$600.0M	\$1,800M
Interest Payments:	\$94.7M	\$696.5M
Principal Payments	\$505.3M	\$1,103.5M

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

CIARA W.K. KAHAHANE
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
RYAN K.P. KANAKA'OLE
Acting Chairperson

Before the House Committees on
HOUSING
and
WATER & LAND

Friday, February 6, 2026
8:45 AM
State Capitol, Conference Room 430

In consideration of
HOUSE BILL 2049
RELATING TO HOUSING

House Bill 2049 proposes to restructure the conveyance tax to a marginal rate system for the sale of properties with residential use; adjust the tax for multifamily properties to reflect value on a per-unit basis; apply a cost-of-living adjustment to conveyance tax rates; and allocate revenues from conveyance tax collections, including changing the way annual conveyance tax revenues are allocated to the land conservation fund (LCF) from 10 percent or \$5.1 million, whichever is less, to 5 percent or \$10 million, whichever is less. **The Department of Land and Natural Resources (Department) provides the following comments.**

Annual conveyance tax (CTX) collections reported for FY2020-FY2025 ranged from \$61.1 million to \$188.4 million and averaged \$99.6 million. A 5 percent allocation to the LCF at these CTX collection levels would have yielded less than \$5 million per year on average, and even in the best years, the LCF would never have received \$10 million.

LCF's annual revenue is \$5.1 million. The Department believes \$10 million per year should be the goal for effective state land acquisition. To ensure dedicated funding for land conservation, the Department recommends that the Legislature restore LCF CTX revenue to 10 percent, uncapped, as proposed this session in Senate Bill 2012.

Mahalo for the opportunity to comment on this measure.



February 03, 2026

O'ahu Youth Action Board

Est. 2017

Co-Chair
Efren Berrones
Co-Chair
Jean Grey
Vice Chair
Vu Dang
Treasurer
Holli-Jae Macanas
Community Engagement
Officer
Koda Daily

TESTIMONY IN STRONG SUPPORT OF HB 2049 Relating to Housing

TO: House Committee on Housing &
House Committee on Water & Land

FROM: Efren Berrones- Co-Chair of O'ahu Youth Action Board, Partners In
Care (PIC)

Hearing:

Chair Evslin, Chair Hashem, Vice Chair Miyake, Vice Chair Morikawa, and
Members of the House Committees on Housing and Water & Land,

Thank you for the opportunity to submit testimony in strong support of HB
2049, Relating to Housing.

My name is Efren Berrones, and I serve as the Chair of the O'ahu Youth
Action Board (OYAB). OYAB is a designated board composed of youth with
lived experience of homelessness on O'ahu, advocating for policy changes
that directly impact houseless young people. We firmly believe that any
decisions affecting us must include our voices, perspectives, and lived
experiences.

For our young people, the lack of affordable housing is not an abstract
policy problem—it is the reason they are homeless. They watch luxury
developments go up around them while they sleep on beaches, in cars, or
on friends' couches. They see million-dollar homes being bought and sold
while they cannot find a single place they can afford to rent. The disconnect
is painful, and it is everywhere.

HB 2049 helps fix that. This bill asks those who are purchasing high-value
properties—often luxury homes and investment properties—to contribute
more toward building the affordable housing our community desperately
needs. It creates funding for the infrastructure that makes new housing
developments possible and supports the Hawaiian Home Lands Trust Fund.
It is a step toward a housing system that works for everyone, not just the
wealthy.

Our young people are not asking for much. They are asking for a chance. A
chance to have a place to call home. A chance to build stability. A chance to

not be priced out of the only place they have ever known. HB 2049 moves us closer to making that possible.

Affordable housing is homelessness prevention. And this bill invests in making that housing real.

We urge you to pass HB 2049 and invest in the housing our community needs.

Mahalo for your consideration and commitment to Hawai'i's youth.

With Aloha,

A handwritten signature in black ink that reads "Efren Berrones". The script is cursive and elegant, with the first letters of each name being capitalized and prominent.

Efren Berrones

Co-Chair, O'ahu Youth Action Board

efrenb@partnersincareoahu.org



**MOLOKAI LAND TRUST'S TESTIMONY IN PARTIAL OPPOSITION HB 2049
House Committees on Housing and Water & Land
Friday, February 6, 2026, 8:45 a.m., Conf. Rm. 430**

Board of Directors 2026

President

Richard A. Cooke III

Vice President

Jason Gamiao

Secretary

Luan Cefola

Treasurer

Diane Pike

Opuulani Albino

Nathan Ignacio

Pat Lucas

Davianna McGregor,
Ph.D.

Executive Director

William Haase

Aloha Chairs Evslin and Hashem and Members of the Committees,

MOLOKAI LAND TRUST (MLT) partners with Department of Hawaiian Homelands and provides resources for native plant recovery to many homesteaders. Some of our employees are native Hawaiian and unable to access their homesteads due to the backlog, staffing capacity, or funding issues within the Department. MLT appreciates the intent of HB 2049 to establish a steady source of funding for the Department of Hawaiian Homelands but strongly opposes proposed changes affecting the State Legacy Land Conservation program in HRS Section 247-7(1) (pp. 13-14 of bill) that decrease the percentage of conveyance tax revenue from 10% to 5%. MLT has firsthand experience in participating in the LLCPP and is keenly aware of the funding inadequacies in funds availability for the demand in projects across the state. Part of this bill is acceptable to us though, and MLT supports the proposed change to increase the cap from \$5.1M to \$10M because of the prior recognition on minimal funds available for a multitude of worthy projects annually.

The importance of funding needs and the understanding of the value of preserving "Legacy Lands" across the state led to the establishment in 2005 of HRS Section 247-7(1) establishing funding for the State's Legacy Land Conservation Program under the Department of Land and Natural Resources, Division of Forestry and Wildlife and setting aside up to 10% of the State's real estate conveyance tax (but currently capped at \$5.1M) to protect/purchase important agricultural, coastal, cultural/historic, habitat, natural, open space/scenic, parks, recreation/hunting, and watershed lands throughout the state. I have sat on the Legacy Land Conservation Commission from 2016-2024 and chaired the commission for the last 5 years of my tenure. I am keenly aware of the value and importance of this program, and as each year goes by, the static revenue available has less and less impact on protection of our critical resources like watersheds, cultural sites, food production lands, etc. that are the foundation of the culture and our ability to exist on these lands.

Reducing the amount of real estate conveyances dedicated to the Legacy Land Conservation Program from 10% to 5% will further minimize the ability of the statute to succeed in its mission to preserve important lands. We do support the increase of the cap on program funding from \$5.1M to \$10M. This will help mitigate the reduction in program effectiveness due to inflationary pressures on land values.

Molokai Land Trust requests that HRS Section 247-7 remain at 10%, and also recommends and supports increasing the cap to \$10 million (as proposed in the legislation).

As recipients of funding through this vital program to preserve critical watersheds, resources, and cultural sites for our community, the State Legacy Land Program provides vital funds to carry out this activity throughout the entire state – and strongly supported by the Native Hawaiian community. We therefore strongly oppose proposed changes to HRS Section 247-7(1) (pp. 13-14 of bill) that decrease the percentage of conveyance tax revenue from 10% to 5% but support the proposed change of HRS Section 247-7(1) to increase the cap from \$5.1M to \$10M.

I am unable to attend this hearing in person or by Zoom as I have a pre-existing conflict that involves working with off island partners on land restoration activities.

Mahalo for considering our testimony on this matter.

Sincerely,

A handwritten signature in cursive script that reads "William Haase".

William Haase, Executive Director
Molokai Land Trust

LCF revenue cap
would not have been
reached until unless
conveyance taxes

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE; Dwelling Unit Revolving Fund; Infrastructure Funding; County-designated Transit-oriented Development

BILL NUMBER: HB 2049; SB2700

INTRODUCED BY: HB by EVSLIN, BELATTI, GRANDINETTI, HOLT, ILAGAN, IWAMOTO, KAHALOA, KAPELA, KILA, KUSCH, MARTEN, MORIKAWA, PERRUSO, POEPOE, QUINLAN, TARNAS, TODD; SB by KANUHA, CHANG, RICHARDS (Native Hawaiian Affairs Caucus package)

EXECUTIVE SUMMARY: Restructures the conveyance tax to a marginal rate system for the sale of properties with residential use, adjusts the tax for multifamily properties to reflect value on a per-unit basis, and applies a cost-of-living adjustment to conveyance tax rates. Allocates revenues from conveyance tax collections. Allocates a portion of conveyance tax collections to the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas that meet minimum standards of transit-supportive density. Allocates a portion of conveyance tax revenues to the Hawaiian Home Lands Trust Fund.

SYNOPSIS: Amends sec 201H-191, HRS, to deposit HRS sec 247-7(4) conveyance taxes, to the Dwelling Unit revolving fund, which amounts can only be used to fund infrastructure programs in areas that meet “transit supportive density” requirements. Transit-supportive density has the same meaning as in section 206E-246, HRS.

Amends tax rates in section 247-2(a)(2), HRS, as follows:

1. For sale of a property with a residential dwelling unit for which the purchaser is eligible for a county homeowner’s property tax exemption:
 - A) for properties with a value of less than \$600,000: (no change) 10 cents per \$100;
 - B) for properties with a value of at least \$600,000, but less than \$1,000,000: \$600 plus 35 cents per \$100 of excess over \$600,000;
 - C) for properties with a value of at least \$1,000,000, but less than \$2,000,000: \$2,000 plus 60 cents per \$100 of excess over \$1,000,000;
 - D) for properties with a value of at least \$2,000,000, but less than \$4,000,000: \$8,000 plus \$1.00 per \$100 of excess over \$2,000,000;
 - E) for properties with a value of at least \$4,000,000, but less than \$6,000,000: \$28,000 plus \$1.50 per \$100 of excess over \$4,000,000;
 - F) for properties with a value of at least \$6,000,000, but less than \$10,000,000: \$58,000 plus \$2 per \$100 of excess over \$6,000,000; and

- G) for properties with a value of at least \$10,000,000 but less than \$20,000,000: \$138,000 plus \$3.50 per \$100 of excess over \$10,000,000, and
- H) for properties with a value of at least \$20,000,000: \$488,000 plus \$4.50 per \$100 of excess over \$20,000,000.

2. For the sale of a property with a residential dwelling unit for which the purchaser is ineligible for a county homeowner's exemption on property tax

- A) for properties with a value of less than \$600,000: 15 cents per \$100;
- B) for properties with a value of at least \$600,000, but less than \$1,000,000: \$900 plus 40 cents per \$100 of excess over \$600,000;
- C) for properties with a value of at least \$1,000,000, but less than \$2,000,000: \$2,500 plus 65 cents per \$100 of excess over \$1,000,000;
- D) for properties with a value of at least \$2,000,000, but less than \$4,000,000: \$9,000 plus \$2.10 per \$100 of excess over \$2,000,000;
- E) for properties with a value of at least \$4,000,000, but less than \$6,000,000: \$51,000 plus \$3 per \$100 of excess over \$4,000,000;
- F) for properties with a value of at least \$6,000,000, but less than \$10,000,000: \$11,000 plus \$4 per \$100 of excess over \$6,000,000; and
- G) for properties with a value of at least \$10,000,000 but less than \$20,000,000: \$271,000 plus \$5 dollars per \$100 of excess over \$10,000,000, and
- H) for properties with a value of at least \$20,000,000: \$771,000 plus \$6 per \$100 of excess over \$20,000,000.

3. For the sale, lease, sublease, or assignment of any property with no residential dwelling unit:

- A) for properties with a value of less than \$600,000: 15 cents per \$100;
- B) for properties with a value of at least \$600,000, but less than \$1,000,000: 25 cents per \$100 ;
- C) for properties with a value of at least \$1,000,000, but less than \$2,000,000: 40 cents per \$100;
- D) for properties with a value of at least \$2,000,000, but less than \$4,000,000: 60 cents per \$100;
- E) for properties with a value of at least \$4,000,000, but less than \$6,000,000: 85 cents per \$100 ;
- F) for properties with a value of at least \$6,000,000, but less than \$10,000,000: \$1.10 per \$100; and
- G) for properties with a value of at least \$10,000,000: \$1.25 per \$100.

Any conveyance of property that is used for transient accommodations, as defined in HRS sec 237D-1, for any period during the two years prior to the date of conveyance shall be taxed at the rates under paragraph (2), regardless of whether the purchaser is eligible for a county homeowner's exemption on property tax.

Adds that these rates shall apply to the conveyance of a “multifamily residential property”; however, the “value” for purposes of determining the rate, shall be an amount calculated by dividing the actual and full consideration by the number of residential dwelling units in the property. Multifamily residential property is defined as a structure that is located within the state urban land use district and divided into five or more dwelling units.

Adds section 247-2(b), HRS, for taxable years beginning after December 31, 2026, the director of taxation shall recompute the rates in subparagraph (a) by the cost-of-living adjustment factor, as defined in this added section.

Amends the disposition of conveyance tax in section 247-7, HRS, as follows:

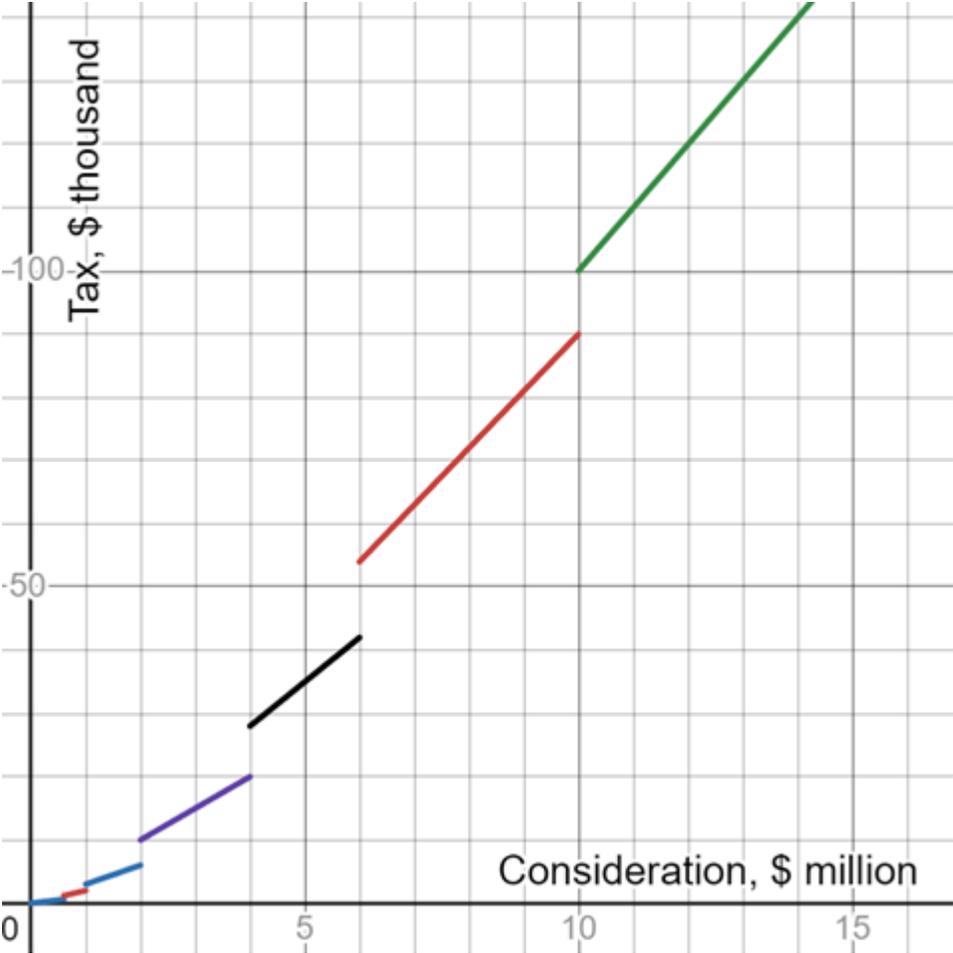
- 5% (currently 10%) or \$10,000,000 (currently, \$5,100,000), whichever is less, paid into the land conservation fund established pursuant to section 173A-5;
- 20% (currently 50%) or \$40,000,000 (currently \$38,000,000), whichever is less, paid into the rental housing revolving fund established by section 201H-202;
- 30% or \$60,000,000, whichever is less, paid into the Hawaiian home land trust; and
- 20% or \$40,000,000, whichever is less paid into the dwelling unit revolving fund established pursuant to section 201H-191

EFFECTIVE DATE: July 1, 2026

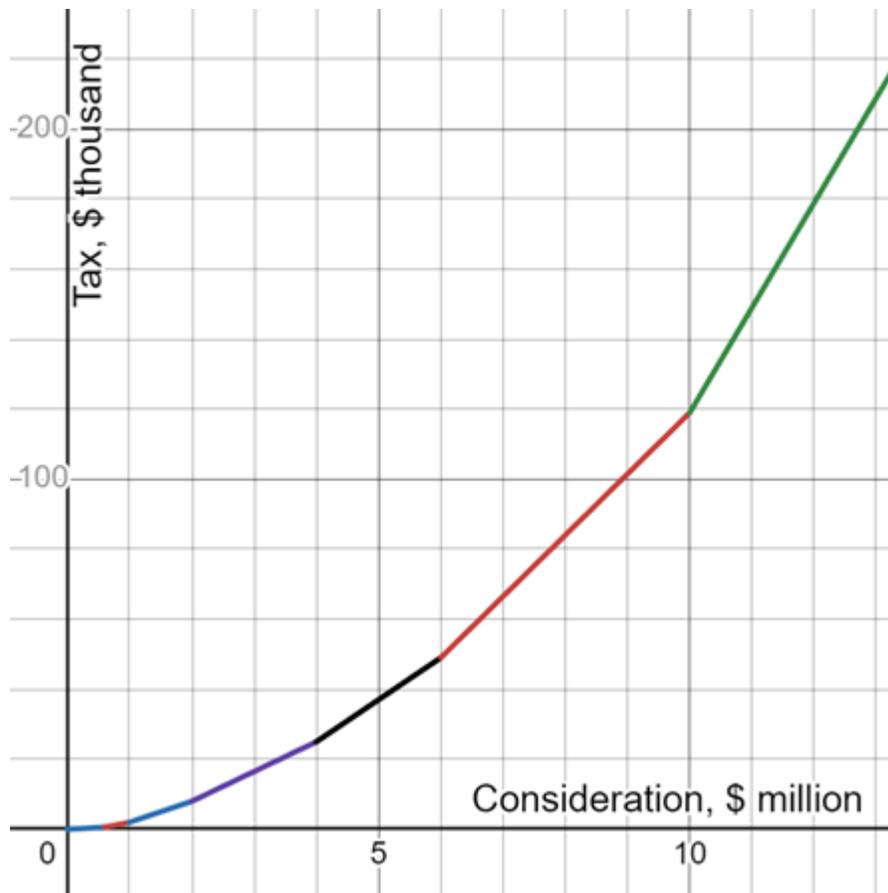
STAFF COMMENTS: The conveyance tax was enacted by the 1966 legislature after the repeal of the federal law requiring stamps for transfers of real property. It was enacted for the sole purpose of providing the department of taxation (which at the time also administered the real property tax) with additional 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 conveyance tax now has discontinuities at the bracket break points, which means that if taxable income increases by \$1 at a break point, such as from \$9,999,999 to \$10,000,000, the increase in tax will be substantially more than \$1. In this example the tax would go from \$200,000 to \$300,000.



Substantial discontinuities such as these may motivate behavior for taxpayers near a break point. This behavior might not be desirable from an economic standpoint. This bill restructures the conveyance tax brackets more like the existing income tax brackets which do not have this problem.



Conveyance Tax Hike

This bill proposes to raise conveyance tax rates in dramatic fashion.

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Tax Earmarks

Until 2005, 50% of the receipts went into the general fund and the other half was split with the affordable rental housing program and the natural area reserve program. Beginning in 2005, another 10% was taken for the land conservation fund.

Act 84, SLH 2015, imposed a \$6.8 million cap on the earmark to the land conservation fund and a \$38 million cap on the earmark to the rental housing revolving fund. In 2015, the Conference Committee explained the rationale for the cap on the earmark as follows:

Your Committee on Conference finds that budgetary planning and transparency are key components to ensuring the ongoing fiscal health of the State. Your Committee on Conference believes that, by establishing maximum amounts to be distributed to various non-general funds from the conveyance tax, this measure will make forecasts of general fund revenues more reliable, will increase legislative oversight of agencies and programs supported by the non-general funds, and will subject those agencies and programs to competition for limited public funds if the agencies or programs want more than the amount automatically distributed to their non-general funds.

Conf. Comm. Rep. No. 156 (2015).

The cap on the earmark to the land conservation fund was reduced to \$5.1 million in the budget bill of 2020, Act 9, SLH 2020.

The bill provides earmarks to two additional funds; the lesser of 30% or \$60,000,000 to the Hawaiian home lands trust fund and the lesser of 20% or \$40,000,000 to the dwelling unit revolving fund.

Raising the cap on the existing earmarked revenues should be done only with great caution. As with any earmarking of revenues, the legislature will be preapproving each of the programs fed by the fund into which the tax monies are diverted, expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether the fund has too little or too much revenue.

If the legislature deems the programs and purposes funded by this fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers could then evaluate the real or actual needs of each program.

Digested: 2/4/2026



Testimony of the Oahu Metropolitan Planning Organization

Committee on Transportation Committee on Water & Land

02/06/26 8:45 AM
CR 430 & Videoconference

HB2049 RELATING TO HOUSING

Dear Chairs Evslin and Hashem, Vice Chairs Miyake and Morikawa, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports HB2049**, which adjusts conveyance taxes for multifamily properties on a per-unit basis, applies cost-of-living adjustments to tax rates, and dedicates revenues to support infrastructure in transit-oriented development (TOD) areas and the Hawaiian Home Lands Trust Fund.

According to the [U.S. Bureau of Labor Statistics](#), transportation was the second largest household expenses in 2022, with many residents facing high combined housing and transportation costs. The Oahu Regional Transportation Plan (ORTP) identifies TOD as a critical strategy to address these challenges while indirectly improving safety by increasing the share of trips made by walking, bicycling, and transit. According to the [American Public Transportation Association \(2016\)](#), compact, transit-supportive communities are associated with lower vehicle speeds, fewer vehicle miles traveled, and reduced risk of crashes.

The restructuring of the conveyance tax, along with adjustments for multifamily properties on a per-unit basis, supports housing types that are most compatible with transit-oriented development and safer travel patterns. In addition, allocating conveyance tax revenues to the Hawaiian Home Lands Trust Fund advances the ORTP's equity goals by supporting communities that are disproportionately impacted by housing costs, long commutes, and traffic safety risks.

The OahuMPO is the federally designated Metropolitan Planning Organization (MPO) on the island of Oahu responsible for carrying out a multimodal transportation planning process, including the development of a long-range (25-year horizon) metropolitan transportation plan, referred to as the Oahu Regional Transportation Plan (ORTP), which encourages and promotes a safe, efficient, and resilient transportation system that serves the mobility needs of all people and freight (including walkways, bicycles, and transit), fosters economic growth and development, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

Mahalo for the opportunity to provide testimony on this measure.



HAWAI'I LAND TRUST

House Committee on Housing
House Committee on Water & Land

Date: Friday, February 6, 2026

Time: 8:45 AM

Place: Conference Room 430 & Videoconference

Re: OPPOSITION – HB2049, Relating to Housing

Aloha Chairs Evslin and Hashem and Members of the Committees,

Hawai'i Land Trust **OPPOSES** HB2049, specifically the provision that would reduce the allocation of real estate conveyance tax revenues to the State Legacy Land Conservation Program from 10% to 5%.

Reducing conveyance tax revenue (CTX) allocated to the Land Conservation Fund (LCF) would significantly diminish the ability of the Department of Land and Natural Resources, Division of Forestry and Wildlife, and its partners to protect lands critical to Hawai'i's future. The LCF is one of the State's most effective tools for conserving agricultural lands, cultural and historic sites, watersheds, coastal resources, and open spaces—resources deeply valued by Hawai'i's communities and Native Hawaiians.

Conserved natural assets contribute to ecosystem resilience and economic stability, aligning with Hawai'i's sustainability goals and long-term State interests. A reduction in CTX funding would severely restrict the State's capacity to conserve such assets at a time of rising land prices. Even with a higher funding cap, the proposed reduction in the allocation percentage represents a major net loss of funding for conservation efforts.

Hawai'i Land Trust urges the Legislature to maintain the 10% allocation for the Legacy Land Conservation Program while simultaneously increasing the funding cap to \$10 million, thereby preserving the program's effectiveness and addressing Hawai'i's growing conservation needs.

Mahalo for this opportunity to testify,

'Olu Campbell

President and Chief Executive Officer



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.org
info@hawaiiyimby.org

February 6, 2026

House Committee on Housing
House Committee on Water & Land
Hawai'i State Capitol
Honolulu, HI 96813

RE: SUPPORT for HB 2049 - RELATING TO HOUSING

Aloha Chairs Evslin & Hashem, Vice Chairs Miyake & Morikawa, and Members of the Committee,

On behalf of Hawai'i YIMBY, we are writing in **support of HB 2049**.

Lack of infrastructure remains a barrier to housing development across the state. By allocating a portion of conveyance tax revenues to infrastructure that supports housing, including in transit-oriented areas, this bill helps address a key constraint that can delay or prevent new homes from being built.

HB 2049 also establishes a permanent funding source for the Department of Hawaiian Home Lands. Consistent funding supports long-term planning and infrastructure delivery, which are necessary to fulfill DHHL's obligation to Native Hawaiians on the waiting list. This stability can help improve the pace and coordination of homestead development.

Hawai'i YIMBY (*Yes In My Backyard*) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions for Hawai'i's devastating housing crisis. Our members are deeply concerned about Hawai'i's chronic and worsening housing shortage, which has caused home prices to rise much faster than incomes and pushes thousands of kama'āina out to the mainland or into homelessness every single year.

We ask your support for this bill. Thank you for the opportunity to testify.



Hawai'i YIMBY
Honolulu, HI 96814
hawaiiyimby.org
info@hawaiiyimby.org

Sincerely,

Damien Waikoloa
Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega
Chapter Lead, Hawai'i YIMBY

Huey Kwik
Chapter Lead, Hawai'i YIMBY





Hawai'i YIMBY
Honolulu, HI 96814
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February 6, 2026

House Committee on Housing
House Committee on Water & Land
Hawai'i State Capitol
Honolulu, HI 96813

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We ask your support for this bill. Thank you for the opportunity to testify.



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Sincerely,

Damien Waikoloa
Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega
Chapter Lead, Hawai'i YIMBY

Huey Kwik
Chapter Lead, Hawai'i YIMBY





February 6, 2026

Representative Luke Evslin, Chair
Representative Tyson Miyake, Vice Chair
Committee on Housing

Representative Mark Hashem, Chair
Representative Dee Morikawa, Vice Chair
Committee on Water & Land

RE: **HB 2049 - Relating to Conveyance Tax**
Hearing date – February 6, 2026 at 8:45 AM

Aloha Chair Evslin, Chair Hashem, and Members of the Committees,

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to HB 2049 – RELATING TO CONVEYANCE 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 2049 restructures the current conveyance tax system with the following proposed amendments:

1. Changes the current flat conveyance tax structure from a flat bracket to a marginal tax rate system for residential properties (both owner occupant and non-owner occupant properties)
2. Reclassifies certain multifamily housing and creating a new conveyance tax category for property with no residential dwelling units
3. Introduces an annual cost-of-living adjustment (COLA) to the conveyance tax value thresholds;
4. Changes allocations of conveyance tax to the Dwelling Unit Revolving Fund (DURF), Rental Housing Revolving Fund (RHRF) and establishes a Hawaiian Home Lands Trust Fund.

First, we understand and acknowledge the intent of the bill to generate revenue to fund DURF, RHRF and DHHL. To be clear, NAIOP supports DHHL as an essential piece to solving Hawaii's affordable housing crisis. However, NAIOP Hawaii has always held the position that the conveyance tax was intended as an administrative fee to cover the State's cost to record conveyances and was never intended to be a revenue generating tax.

NAIOP Hawaii is particularly concerned that HB 2049 materially increases conveyance taxes on commercial and investment real estate, including office, industrial, retail, hospitality, and mixed-use properties. The bill creates a new category under proposed HRS §247-2(a)(3) applicable to the “sale, lease, sublease, or assignment of any property with no residential dwelling unit.” This provision appears to encompass virtually all non-residential real estate and long-term commercial lease transactions. Under existing law and administrative rules, conveyance tax already applies to leases and assignments with remaining terms of five years or more. HB 2049 increases the tax burden on these transactions by raising applicable rates.

For large commercial properties, conveyance tax represents a substantial upfront transaction cost. Increasing this cost directly reduces the capital available for reinvestment in building upgrades, tenant improvements, sustainability improvements, and adaptive reuse projects. In many cases, these additional costs can render otherwise viable transactions economically infeasible. Reduced transaction activity would ultimately have the opposite of the intended effect—leading to fewer property transfers, lower redevelopment activity, fewer construction jobs, reduced general excise tax revenues, and, paradoxically, less overall conveyance tax collected by the State.

HB 2049 disproportionately penalizes high value residential properties with significant unintended consequences. Under HB 2049, high-value residential transactions are subject to sharply increased marginal tax rates at the upper tiers. These properties already contribute disproportionately to State and County revenues through real property taxes, general excise taxes on construction and services, and employment generated through property management, maintenance, and redevelopment. Singling out these transactions for steep marginal conveyance tax increases risks diminishing these broader economic contributions.

Second, HB 2049 also introduces a COLA mechanism requiring annual adjustment of the conveyance tax value thresholds based on the Urban Hawai‘i Consumer Price Index. This mechanism introduces an additional layer of complexity and potential confusion in an already complicated tax structure.

NAIOP Hawai‘i recognizes that indexing thresholds may reduce “bracket creep” in purely inflationary environments. However, the COLA mechanism proposed in HB 2049 raises several concerns. First, while COLA indexing may mitigate inflationary effects at the margin, it does not offset the substantial rate increases and structural changes imposed elsewhere in the bill. The net effect remains a significant increase in conveyance tax burdens on both residential and commercial transactions. Second, automatic indexing reduces predictability for long-term investment underwriting. Real estate projects often require multi-year planning horizons, and automatic statutory adjustments, without legislative review, add uncertainty to transaction costs that investors must price into their decisions.

Third, although conveyance tax is typically paid by sellers, increased transaction costs are ultimately capitalized into property values and rents. HB 2049’s increased conveyance tax burden on commercial properties will be passed through to tenants over time, including small local businesses leasing office, retail, and industrial space. This further exacerbates Hawai‘i’s already high cost of doing business.

This increase in conveyance tax will impact investment in large commercial properties throughout the state. The acquisition of new commercial property comes with additional investment to redevelop and increase value of the asset. The increase of conveyance tax would result in less capital to invest into the property, and thus, would make the transaction economically infeasible. In turn, less property transactions would occur leading to: 1) an overall decrease in conveyance tax received by the State; and 2) a meaningful reduction in economic

activity as the acquisition of large properties typically comes with additional investment to redevelop and increase value of the asset; 3) decreased GET revenues and jobs.

NAIOP Hawaii understands the intent behind the allocation to DHHL, however, if conveyance tax is to be significantly increased and converted to a marginal tax for revenue generating purposes, then the revenue should be allocated to RHRF, DURF and tier II funding available to all forms of affordable housing projects and allocated as projects display readiness.

NAIOP Hawaii is concerned that this increase in conveyance taxes will reduce the private sector's investment in long term projects which stimulates economic activity in the State. Hawaii is already rated as one of the least business friendly states in the nation and increasing this tax rate will further discourage much needed investment here locally. Rather, additional efforts to encourage investment in Hawaii and incentivize the creation of new projects and businesses in Hawaii would stimulate our economy by creating jobs and tax revenue.

Accordingly, NAIOP Hawaii respectfully recommends that HB 2049 be deferred.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Ken Hayashida". The signature is fluid and cursive, written in a professional style.

Ken Hayashida, President
NAIOP Hawaii

**Testimony of The Nature Conservancy
Commenting on HB2049, Relating to Housing
Committee on Housing
Committee on Water & Land
February 6, 2026 at 8:45 am
Conference Room 430 and via Videoconference**

Dear Chairs Evslin and Hashem, Vice Chairs Miyake and Morikawa, and Members of the Committee:

Mahalo for the opportunity to testify today. The Nature Conservancy (TNC) Hawai'i and Palmyra respectfully comments on HB2049, which restructures the conveyance tax (CTX), allocates a portion of CTX collections to the dwelling unit revolving fund and the Hawaiian home lands trust fund, and decreases the percentage of the CTX revenue allocated to the land conservation fund (LCF) from 10% to 5% and increases the cap from \$5.1 million to \$10 million.

The LCF supports the Legacy Land Conservation Program, which funds grants to state and county governments and non-profit land conservation organizations to acquire land and protect valuable resources for public benefit. Protecting these lands offers wide benefits for the people of Hawai'i, including reforestation efforts that help mitigate the impacts of climate change by providing freshwater and preventing runoff, drought, and wildfires. In recent years, decreased LCF funding has directly hindered opportunities for the protection of lands that is widely favored by local communities, with worthy projects being turned down each year due to lack of funding. TNC supports this bill's intent to provide the Department of Hawaiian Homelands (DHHL) with a steady source of funding and opposes the reduction of overall allocations to the LCF, noting that maintaining LCF's 10% allocation would not require a decrease in allocation to DHHL.

Recent CTX collections (FY2020-FY2025) ranged from \$61.1 million to \$188.4 million, averaging \$99.6 million. At a 5% allocation, the proposed \$10 million cap would not be reached unless CTX collections exceeded \$200 million, a level not reached in any of those years. Because the existing \$5.1 million cap is reached only when collections exceed \$103 million, the LCF would receive up to 50% less revenue in nearly all typical years. At a 10% allocation, the LCF reaches \$10 million when CTX collections hit \$100 million (roughly the recent average). This approach maintains stable conservation funding and ensures the increased cap is achievable.

TNC supports increasing the existing revenue cap on the LCF to \$10 million but opposes decreasing the percentage allocation from 10% to 5%. Mahalo for the opportunity to comment on HB2049.

Guided by science, TNC is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 84,000 acres in 13 nature preserves and 18 managed areas and have supported over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands.

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February 6, 2026

The Honorable Luke A. Evslin, Chair

House Committee on Housing

State Capitol, Conference Room 430 & Videoconference

RE: House Bill 2049, Relating to Housing

HEARING: Friday, February 6, 2026, at 8:45 a.m.

Aloha Chair Evslin, Chair Hashem, 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 **opposes** House Bill 2049, which restructures the conveyance tax to a marginal rate system for the sale of properties with residential use, adjusts the tax for multifamily properties to reflect value on a per-unit basis, and applies a cost-of-living adjustment to conveyance tax rates. Allocates revenues from conveyance tax collections. Allocates a portion of conveyance tax collections to the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas that meet minimum standards of transit-supportive density. Allocates a portion of conveyance tax revenues to the Hawaiian Home Lands Trust Fund.

Historically, the Conveyance Tax was not intended as a revenue-generating tax. It was originally designed to cover the administrative costs to assist the Department of Taxation in determining the market value of properties transferred. Over the years, the Legislature increased Conveyance Tax rates to increase funding for the general fund and to carve out special funding for the Land Conservation Fund and the Rental Housing Revolving Fund. While these programs have inherent value, we believe these programs are best funded through the general fund and should go through the regular budgetary process, like any other state program funded by the Legislature.

HAR believes that the Conveyance Tax structure could benefit from reform and appreciates the Legislature's willingness to entertain such changes. However, we have concerns about changes to the caps for the existing special funds and the additional funding carve-outs created, as this sets a precedent for future programs and departments to seek special funding through the Conveyance Tax instead of the regular budgetary process overseen directly by legislators.

Moreover, the challenge with linking funding to the Conveyance Tax is that when the real estate market is down, there may not be enough funds to pay for the programs it supports. The Conveyance Tax is then often targeted for an increase to cover these programs. However, when the market is up, there are excess funds over and above the programs' needs. This becomes a cyclical issue, and the Conveyance Tax is never

lowered, even in an up market, thereby contributing to the ever-increasing cost of housing in our state.

HAR would also note that the Conveyance Tax applies even if someone sells a property at a loss. Often, it is the seller who pays the Conveyance Tax. This makes it a punishing tax, especially for someone who is already struggling financially and needs to sell their assets. One pays the same Conveyance Tax regardless of whether the property is sold at a loss or a profit. If there is a profit, real property is also taxed with capital gains.

The Conveyance Tax, as it stands today, applies not only to residential property such as single-family homes and condominiums, but also to the conveyance of multi-family rentals, land for residential subdivisions, mixed-income and mixed-use properties, and commercial, resort, and agricultural lands. However, residential properties are the only property type subject to the highest increase under the newly restructured rates.

Additionally, this measure applies a cost-of-living adjustment factor to the actual and full consideration paid or to be paid. This adjustment may be interpreted as applying either to the property value tiers used to determine the applicable tax rate or to the tax amount paid itself, effectively creating an inflation-based tax increase. Housing and real estate values do not always move in tandem with the cost of living, and in down markets, such as what Hawaii is currently experiencing, this could result in increased taxes for homeowners and Hawaii residents despite declining property values.

We appreciate the Legislature's consideration of these concerns and respectfully request the opportunity to participate in future discussions regarding potential reforms to the Conveyance Tax.

Mahalo for the opportunity to testify on this measure.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB2049 – Relating to Conveyance Tax
House Committee on Housing & Water and Land
Friday, February 6, 2025 at 8:45AM Conf. Rm. 430 and via Videoconference

Aloha Chair Evslin, Chair Hashem, Vice Chair Miyake, Vice Chair Morikawa, and members of the committees;

Mahalo for the opportunity to testify in **strong support of HB2049**, which would modernize Hawaii's conveyance tax structure, reduce the tax burden on the average resident homeowner, increase the burden of conveyance tax on investment owners, and create a dedicated 20% allocation to the Dwelling Unit Revolving Fund (DURF) and a 30% allocation for the Department of Hawaiian Home Lands (DHHL).

Conveyance taxes are a fair way to ensure that those who benefit most from Hawaii's real estate market help pay for housing and infrastructure our communities need. By capturing revenue from real estate transactions, we create a direct link between market activity and community investment. When property values and sales increase, generating more conveyance tax revenue, we are able to expand our response to the heightened housing affordability challenges that often accompany such market conditions. These taxes help ensure that real estate development contributes to meeting the increased housing and infrastructure demands that it creates.

However, the current conveyance tax structure is inadequate to address Hawaii's needs. Our housing crisis has intensified while our infrastructure and housing needs, particularly around transit-oriented development, have grown substantially. Yet Hawaii's current conveyance tax rates have remained unchanged since 2009, despite dramatic increases in property values.

HB1410 HD2 recognizes that real estate transactions in Hawaii's high-cost market should contribute more equitably and aims to rectify this issue by:

- Implementing a more progressive rate structure that primarily impacts high-value investment properties while protecting owner-occupants,
- Applying a cost-of-living adjustment mechanism that prevents future erosion of these critical revenue streams
- Creating a dedicated 10% allocation to the Dwelling Unit Revolving Fund (DURF)
- Establishing and creating a dedicated 8% allocation to a Supportive Housing Special Fund

Infrastructure Needs around TOD

The Dwelling Unit Revolving Fund (DURF), established in 1970, supports infrastructure



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

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investments connected to housing development, crucial for maintaining housing production aligned with our increasing demand. Hawaii was given a D+ rating by the American Society of Civil Engineers in the “2019 Hawaii Infrastructure Report Card”¹. Lack of adequate infrastructure further exacerbates delays to our needed additional housing construction. Increasing funding to DURF is necessary to reach the housing goals across the state. Hawai'i Appleseed commends the legislature for proposing a 20% dedicated fund from high cost property sales to address our infrastructure needs.

Housing Development Needs

The 2019 Hawaii Housing Planning (HHPS 2019) Study identified the need for 50,000 additional housing units by 2025 to meet pent-up demand². Estimates from the HHPS 2019 indicated that over 50 percent of our housing production needs to be affordable rentals (0-100% AMI) for low-income and workforce families to meet demand. The RHRF provides financing for Low Income Housing Tax Credit (LIHTC) projects for individuals making 0-60% AMI and financing for Tier 2 program which utilizes the RHRF for 80-100% AMI focused projects. Without financing of DURF for our infrastructure needs we will not be able to address the housing needs across the state³.

Department of Hawaiian Homelands

Since the 1978 constitutional convention the legislature has continued to ignore the constitutional mandate to sufficiently fund the Department of Hawaiian Homelands.⁴ In 2022, Act 279 invested a historic one-time appropriation \$600M into the department,⁵ and as of 2025 the department has estimated it needed \$800M in additional financing to produce around 6,000 homestead lots.⁶ Native Hawaiians make up roughly 20-24% of our population but about 40% of the incarcerated population in Hawaii, and it costs over \$100,000 a year to incarcerate one person here.⁷ **In FY26, we are budgeting on the order of over \$300M for our corrections system, compared with**

¹ ASCE, “2019 Hawaii Infrastructure Report Card”,

https://infrastructurereportcard.org/wp-content/uploads/2021/07/ASCE-24199_Full-REPORT-2019-FINAL.pdf

² “Hawaii Housing Planning Study, 2019” HHFDC, December 2019, pg. 38

https://dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State_Hawaii-Housing-Planning-Study.pdf

³ “TOD Infrastructure Finance and Delivery Strategy”

https://files.hawaii.gov/dbedt/op/lud/Reports/TOD_InfraFin_Strategy_20231221.pdf

⁴ “DHHL’s Fight for Funding”

<https://dhhl.hawaii.gov/reports/nelson/>

⁵ Act 279, SLH 2022

⁶ Honolulu Star-Advertiser “DHHL expects to meet deadline to spend \$600M” December 2, 2025

<https://dhhl.hawaii.gov/wp-content/uploads/2025/12/12.2.2025-HSA-DHHL-expects-to-meet-deadline-to-spend-600M.pdf>

⁷ “Native Hawaiians are Overrepresented in Prisons. Cultural Education Could Help” Charlotte West, May 21, 2023.

<https://www.civilbeat.org/2023/05/native-hawaiians-are-overrepresented-in-prisons-cultural-education-could-help/>



HAWAII APPLESEED

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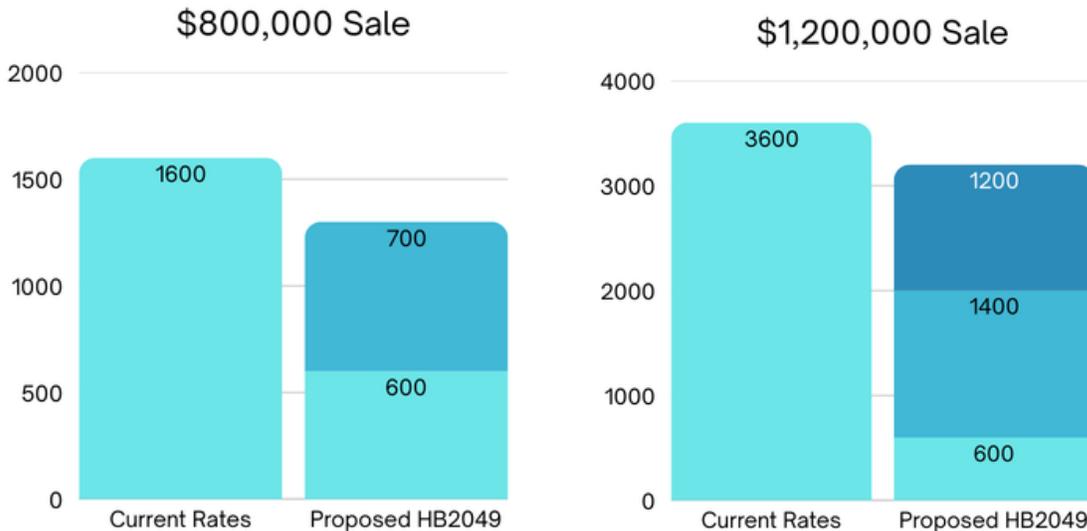
Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB2049 – Relating to Conveyance Tax
House Committee on Housing & Water and Land
Friday, February 6, 2025 at 8:45AM Conf. Rm. 430 and via Videoconference

about \$185M for DHHL.⁸ In other words, **the State is spending far more to cage Native Hawaiians than to house** them in their own homeland. HB2049 would be a step in the right direction, allocating 30% or \$60M, whatever is less, annually to DHHL.

Marginal Tax Rate

A marginal rate system prevents the "cliff effect" that exists in Hawaii's current tax structure, where a small increase in property value can trigger a dramatically higher tax bill on the entire amount. This creates artificial market barriers and incentivizes price manipulation to avoid threshold crossings. The proposed marginal rate system, modeled after the income tax structure, would apply higher rates only to the portion of a property's value exceeding each threshold. This approach ensures a fairer tax burden while creating a smoother, more equitable progression that better reflects the ability to pay and market realities. It's important to note this would only apply to residential classified properties and leave commercial and agricultural rates where they are.

Under the marginal system, a typical \$800,000 or \$1.2M owner occupied home actually pays less conveyance tax than under the current flat brackets.



⁸ [Hawaii Budget Primer FY2025-26](#)



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for HB2049 – Relating to Conveyance Tax
House Committee on Housing & Water and Land
Friday, February 6, 2025 at 8:45AM Conf. Rm. 430 and via Videoconference

For higher, traditionally investment price points, HB2049 modestly to significantly increases conveyance taxes. Non-owner-occupant buyers and sellers transacting at values far beyond local wages would pay more for the privilege. For example, an investment property sold for \$1.7 million would pay \$7,050 under HB2049 instead of \$6,800 today, and at \$2.5 million the tax would rise from \$15,000 to \$19,500.



HB2049 aligns our tax system with our values by asking those who profit most from Hawai'i's real estate market to shoulder a fairer share, while easing the burden on typical local homeowners. It strengthens the foundations of our housing system by dedicating meaningful, predictable funding to TOD-area infrastructure and to Hawaiian Home Lands, instead of relying on sporadic one-time infusions. By modernizing the conveyance tax into a marginal, inflation-responsive structure, this bill turns luxury and investment transactions into a stable engine for housing justice, infrastructure, and homesteading for Native Hawaiian families. I respectfully urge the Committee to pass HB2049.

Mahalo for your time and consideration.

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committees on Housing and on Water & Land
Re: **HB2049 – Relating to Housing**
Hawai'i State Capitol & Via Videoconference
February 6, 2026, 8:45 AM

LATE

Dear Chairs Evslin and Hashem, Vice Chairs Miyake and Morikawa, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT of HB2049**. This bill restructures the conveyance tax on the sale of residential properties to a marginal rate system, adjusts the tax for multifamily properties, and applies a cost-of-living adjustment to the tax rates. It also allocates portions of the conveyance tax to the Dwelling Unit Revolving Fund and to the Hawaiian Home Lands Trust Fund.

In recent years, real estate prices in Hawai'i have skyrocketed to record highs over and over again. The conveyance tax is like a sales tax, applied when property is transferred between owners, but **current conveyance tax rates are only 0.1 percent to 1.25 percent, even on multi-million dollar properties.**

This bill would **increase tax liability on the sale of higher-value properties while keeping lower-value properties at a similar or even a slightly lower rate**, as you can see in the table below:

Property Value	Owner-Occupied Principal Home			Second Home / Investment Property		
	Current Tax	HB2049 Tax	Difference	Current Tax	HB2049 Tax	Difference
\$1,000,000	\$3,000	\$2,000	-\$1,000	\$4,000	\$2,500	-\$1,500
\$5,000,000	\$35,000	\$43,000	+\$8,000	\$42,500	\$80,000	+\$37,500
\$10,000,000	\$100,000	\$138,000	+\$38,000	\$125,000	\$271,000	+\$146,000
\$25,000,000	\$250,000	\$713,000	+\$463,000	\$312,500	\$1,071,000	+\$758,500

This bill would also help alleviate our homelessness and affordable housing crises. Some of the conveyance tax is allocated to the Rental Housing Revolving Fund, which provides low-interest loans or grants for affordable housing projects. In addition, it directs part of the conveyance tax to the Dwelling Unit Revolving Fund, which funds infrastructure programs in transit-oriented development areas, as well as the Hawaiian Home Lands Trust Fund.

It makes sense to ask wealthy sellers to pay a more when they sell their multi-million dollar properties – especially second homes or investment properties – and use those revenues to help those who are struggling to afford housing.

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

Sincerely,
Nicole Woo
Director of Research and Economic Policy

Representative Luke A. Evslin, Chair
Representative Tyson K. Miyake, Vice Chair
Committee of Housing

Representative Mark J. Hashem, Chair
Representative Dee Morikawa, Vice Chair
Committee on Water & Land

RE: HB2049 – Relating to Housing
Hearing Date – February 6, 2026 at 8:45 AM

Chair Evslin, Chair Hashem, and Committee Members:

My name is Alana Kobayashi Pakkala, and I serve as CEO of the Kobayashi Group, a Hawai‘i-based development company that has been building in our state since 1994. Kobayashi Group is currently involved in the development of thousands of homes across Hawai‘i, including market, workforce, and affordable housing communities.

Mahalo for the opportunity to submit testimony in opposition of HB2049.

We appreciate the Legislature’s intent to generate dedicated funding for housing and infrastructure. These are critical needs. However, HB2049 raises concerns from the standpoint of housing production and long-term project feasibility.

The conveyance tax is one of the few major transaction-based costs that directly affects project feasibility. By significantly increasing conveyance taxes — particularly through higher marginal rates on higher-value transactions — this measure adds another layer of cost that must be absorbed somewhere in the project. In reality, these costs are reflected in higher home prices, reduced project feasibility, and fewer housing projects moving forward.

The bill’s automatic cost-of-living adjustment introduces unpredictability that is especially challenging for housing development. Projects are planned, financed, and entitled over many years, and investors and lenders require clarity around long-term cost structures.

Large multifamily projects can still fall into high tax tiers. Higher conveyance taxes on these transactions ultimately affect renters and future homeowners through higher rents, higher prices, or reduced housing production.

If higher conveyance taxes discourage transactions, particularly large commercial and multifamily transactions that often lead to reinvestment and redevelopment, overall conveyance tax collections may not increase as anticipated. Reduced real estate activity also means fewer jobs and lower related tax revenues.

Hawai'i's housing crisis is fundamentally a supply problem, and policies that make it more difficult to finance and deliver new homes risk slowing the very production our communities urgently need.

For these reasons, Kobayashi Group respectfully urges the Committees to defer HB2049.

Mahalo for your consideration and for your continued leadership on housing.

Warmest regards,

A handwritten signature in black ink, appearing to read 'Alana', with a long horizontal flourish extending to the right.

Alana Kobayashi Pakkala
CEO & Partner

HB-2049

Submitted on: 2/3/2026 7:17:51 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

I support this bill. Thank you. Martha Nakajima, Honolulu, member of Indivisible

HB-2049

Submitted on: 2/3/2026 8:03:08 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

Please pass!

Judith White, Psy.D.

Member, Hawaii Indivisible

HB-2049

Submitted on: 2/3/2026 8:28:21 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Younghee Overly	Individual	Support	Written Testimony Only

Comments:

Thank you for hearing HB2049.

Younghee Overly, a member of Indivisible Hawaii

HB-2049

Submitted on: 2/3/2026 9:31:55 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

Thank you

HB-2049

Submitted on: 2/4/2026 1:32:52 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

Strong support.

HB-2049

Submitted on: 2/4/2026 2:44:54 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

I support HB2049.

HB-2049

Submitted on: 2/4/2026 5:37:23 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

As a resident of Maui, I have seen the effects of speculative home buying to 'flip' after a couple years for a large profit on home prices, making them out of reach for most working families. Thank you.

HB-2049

Submitted on: 2/4/2026 9:56:56 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Frederick Smith	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill. This bill includes language that would significantly reduce revenue to this fund. The bill includes a proposal for changing the distribution of annual conveyance tax revenues (CTX) paid into the Land Conservation Fund (LCF) from "10% or \$5.1 million, whichever is less," to "5% or \$10 million, whichever is less" (page 14, lines 1 and 2).

Stop defunding the Land Conservation Fund! This would significantly reduce the funds needed for land conservation.

Frederick Smith

Captain Cook, HI

HB-2049

Submitted on: 2/4/2026 10:24:17 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Bianca Isaki	Individual	Oppose	Written Testimony Only

Comments:

Aloha Representatives,

HB2049 revises the amounts deposited into the land conservation fund from "10% or \$5.1 million, whichever is less," to "5% or \$10 million, whichever is less" (page 14, lines 1 and 2). I oppose this.

Please amend HB2049 to provide an uncapped 10% of conveyance tax proceeds to go to the land conservation fund.

Yours,

Bianca Isaki

HB-2049

Submitted on: 2/4/2026 10:40:18 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Toni Withington	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

I strongly oppose this attempt to cut the funding available to preserving important lands for future generations.

Yes, we need housing, but unless we preserve the places important to everyone, we will lose our identity and peace of mind for the future.

Aloha,

Toni Withington

Hawi, Hawai'i

HB-2049

Submitted on: 2/4/2026 11:02:00 AM

Testimony for HSG on 2/6/2026 8:45:00 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-2049

Submitted on: 2/4/2026 3:33:49 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

PLEASE SUPPORT

HB-2049

Submitted on: 2/4/2026 6:52:48 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Rose Chismar	Indivisible	Support	Written Testimony Only

Comments:

Please support this important Bill to the welfare of the workers of our beautiful state.

HB-2049

Submitted on: 2/4/2026 7:27:20 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Beth Robinson	Individual	Comments	Written Testimony Only

Comments:

Chair Evslin, Chair Hashem, Vice Chair Miyake, Vice Chair Morikawa and committee members:

My name is Beth Robinson and I am a real estate broker with a specialized practice in conservation and agricultural properties, a Board member of Hawai'i Land Trust, and Board Secretary of Kohala Community Land Trust. I am a resident of North Kohala on the Big Island.

Raising the conveyance tax rates on higher valued properties is a progressive tax and appropriate source of funding for housing for Hawai'i residents and Native Hawaiians, as well as for protecting wahi pana from future sale and development. While I SUPPORT the proposed changes to bring conveyance tax rates more in line with other high cost residential and second home destinations, as well as funding for DHHL, I strongly OPPOSE reducing the percentage of annual conveyance tax going to the State's land conservation fund from 10% to 5%. Already due to the existing cap, this program lacks sufficient annual funding to make awards to all the highly deserving applicants.

In my opinion it would be shortsided to fund the development of more housing at the expense of irreplaceable resources: culturally significant places, forests and important watersheds, traditional Hawaiian agriculture in loko 'ia and lo'i kalo, and coastal areas important to the health of our reefs.

Please consider amending the bill to provide 10% funding for the land conservation program, with no annual cap as the property values of the lands acquired also increase over time and needs to keep pace with the real estate market as a whole.

Mahalo for your hard work and consideration of this testimony.

Beth Thoma Robinson R(B)

Hawi, Hawai'i

HB-2049

Submitted on: 2/4/2026 10:16:37 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

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

Comments:

As a citizen and member of Indivisible Hawaii, I supported the original of this bill. I still support the bill but as a layman (non-legislator), I don't think the changes meet my personal definition of "tweaks". In the future I would respectfully recommend that bills like this be fully thought-through before they are introduced. There are so many bills to comment on in a short time that I think that "tweaks" just add to the interested public's workload.

HB-2049

Submitted on: 2/5/2026 7:04:28 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kanoe Wilson	Individual	Oppose	Written Testimony Only

Comments:

TESTIMONY ON H.B. 2049

Relating to Conveyance Tax Revenues and the Land Conservation Fund

OPPOSE UNLESS AMENDED

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

Mahalo for the opportunity to submit testimony on **House Bill 2049**. I am submitting testimony **in opposition unless amended**, specifically regarding **Section 247-7, Disposition of Taxes**, on **page 14**, which proposes changes to the allocation of conveyance tax revenues to the **Land Conservation Fund (LCF)**.

While H.B. 2049 seeks to address critical housing and infrastructure needs, the proposed change to the Land Conservation Fund allocation would significantly and disproportionately reduce funding for land conservation at a time when protection of agricultural lands, watersheds, cultural landscapes, and natural resources is more urgent than ever.

Problematic Change to the Land Conservation Fund Allocation

H.B. 2049 proposes to revise the LCF allocation from the current formula of **“10% or \$5.1 million, whichever is less,”** to **“5% or \$10 million, whichever is less.”** Although this change appears neutral on its face, historical conveyance tax data demonstrates that it would result in **substantial and recurring revenue losses** for the Land Conservation Fund.

According to analysis by the **Legacy Land Conservation Program**, total conveyance tax (CTX) collections over the last six fiscal years (FY2020–FY2025) ranged from **\$61.1 million to \$188.4 million**, with an average of **\$99.6 million**.

Under the proposed **5% allocation**:

- Total LCF revenue over the past six years would have been **\$712,772 less** than what was actually received.
- The proposed **\$10 million cap** would not be reached unless total CTX collections exceed **\$200 million**.

- The existing **\$5.1 million cap** would not be reached until CTX collections exceed **\$103 million**.

As a result, in years when total CTX collections fall **below \$103 million**—which has occurred in **every fiscal year to date except FY2022**—the Land Conservation Fund would lose **up to half of the revenue it currently receives**.

Comparison to the Existing Allocation Structure

Under the current **10% allocation**:

- The \$5.1 million cap is reached once CTX collections exceed **\$51 million**, a threshold exceeded in every year on record.
- A \$10 million allocation to the LCF would be achieved when CTX collections reach **\$100 million**, a level already within recent historical norms.

This comparison makes clear that the proposed amendment would **lower the baseline of predictable, dependable funding** for land conservation, even as conveyance tax revenues overall have increased.

Why This Matters

The Land Conservation Fund plays a critical role in protecting lands essential to Hawai'i's:

- Water security and watershed protection,
- Agricultural viability and food systems,
- Cultural and historic preservation,
- Climate resilience and hazard mitigation.

Land conservation projects are long-term, complex, and highly dependent on **stable, predictable funding** to leverage county, federal, and private matching funds. A structural reduction in LCF revenue will:

- Delay or prevent priority conservation acquisitions,
- Reduce the State's ability to leverage outside funding,
- Undermine long-term planning and community-based conservation partnerships.

Recommendation

For these reasons, I respectfully **oppose H.B. 2049 unless amended** to prevent a significant reduction in Land Conservation Fund revenues. Amendments could include, but are not limited to:

- Retaining the **10% allocation** while revisiting the cap amount;
- Establishing a **minimum guaranteed annual allocation** to the LCF; or

- Phasing in changes to avoid immediate and disproportionate revenue losses during lower-collection years.

Closing

Hawai‘i’s land conservation efforts represent an intergenerational commitment to ‘āina, public trust resources, and future generations. Any reform to the conveyance tax should strengthen—not weaken—that commitment. I urge the Legislature to amend H.B. 2049 to ensure that land conservation remains adequately and reliably funded.

Mahalo for the opportunity to provide testimony.

Respectfully submitted,
Kanoe Wilson

HB-2049

Submitted on: 2/5/2026 8:50:51 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
William Caron	Individual	Support	Written Testimony Only

Comments:

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

I am testifying in strong support of HB2049, to update Hawai‘i’s conveyance tax to ensure it is fair, modern, and capable of meeting our state’s greatest needs.

The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands. Yet, as the value of property, especially luxury estates, has soared, our tax rates have remained stuck in the past. Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%.

This bill wisely corrects this imbalance by adopting a marginal rate structure—the same fair principle used in our income tax. This means a middle-class family selling their home would likely pay a lower effective rate than they do now, while the tax increases would fall squarely on the portion of a property’s value over \$2 million, often owned by wealthy non-residents. It is a targeted ask for those who have profited most from our islands’ scarcity.

The impact of this common-sense update would be transformative. It is estimated to generate an additional \$68.5 million annually. This revenue would provide a historic, sustained investment in our future by:

- Increasing funding for the Rental Housing Revolving Fund to build affordable rentals, directly combating our housing crisis.
- Bolstering the Legacy Land Conservation Fund to protect ‘āina from development.
- Making a crucial investment in the Department of Hawaiian Home Lands, helping to fulfill a generations-old promise
- Making additional critical investments in the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

I urge you to pass this bill. It is a long-overdue step toward tax fairness and a powerful commitment to housing our people, preserving our lands, and building a more equitable Hawai‘i.

Mahalo for the opportunity to testify.

HB-2049

Submitted on: 2/5/2026 9:03:21 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Beryl Blaich	Individual	Comments	Written Testimony Only

Comments:

Aloha Chair Evslin, Vice-Chair Miyake and members the Housing Committee,

I am opposed to HB 2049, UNLESS the percentage paid into the land conservation fund (p, 14 #1.) is restored to the original and wise 10% of the conveyance tax revenues , uncapped.

Of course, Hawai'i needs more affordable housing, more funding for the Department of Hawaiian Homelands and more for the infrastructure essential to development of housing within transit -oriented development areas. However, in proportion to housing needs, the people of Hawai'i need permanently protected productive agricultural lands, lands rich in natural resources, lands where archaeological and cultural resources and practices perpetuate our unique identity. These are the places which communities organize and dedicate themselves to saving and to managing. Reduction of the original funding for the Legacy Lands Fund deprives all residents of identity and well-being

The Legacy Lands program deserves its original funding level. The demand for high end residential development in Hawai'I has not abated, and the places receiving Legacy Land grant funding (25% of which must be provided by other sources) are those most threatened. The Legacy Lands Conservation Program is effective, well-managed, accountable and transparent. Please read the Program's concise Annual Report to the Legislature. Legacy Lands grant funding is leveraged. All of its grants must be matched, generally by County open space program funds or by competitive federal grants. The acquired lands are hugely supported by communities and demonstrate effective community, nonprofit and government agency partnerships.

Please, restore Legacy Lands Conservation Program funding as well as continuing to further housing development through judicious use of real estate conveyance tax revenues.

Respectfully,

Beryl Blaich, Kīlauea, Hawaii

HB-2049

Submitted on: 2/5/2026 9:37:30 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jotis Russell-Christian	Individual	Support	Written Testimony Only

Comments:

Testimony in Strong Support of House Bill 2049: Relating to Housing

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

My name is Jotis Russell-Christian, and I am testifying in strong support of HB2049, to update Hawai'i's conveyance tax to ensure it is fair, modern, and capable of meeting our state's greatest needs.

The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands. Yet, as the value of property, especially luxury estates, has soared, our tax rates have remained stuck in the past. Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%.

This bill wisely corrects this imbalance by adopting a marginal rate structure—the same fair principle used in our income tax. This means a middle-class family selling their home would likely pay a lower effective rate than they do now, while the tax increases would fall squarely on the portion of a property's value over \$2 million, often owned by wealthy non-residents. It is a targeted ask for those who have profited most from our islands' scarcity.

The impact of this common-sense update would be transformative. It is estimated to generate an additional \$68.5 million annually. This revenue would provide a historic, sustained investment in our future by:

- Increasing funding for the Rental Housing Revolving Fund to build affordable rentals, directly combating our housing crisis.
- Bolstering the Legacy Land Conservation Fund to protect 'āina from development.
- Making a crucial investment in the Department of Hawaiian Home Lands, helping to fulfill a generations-old promise
- Making additional critical investments in the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

I urge you to pass this bill. It is a long-overdue step toward tax fairness and a powerful commitment to housing our people, preserving our lands, and building a more equitable Hawai'i.

Mahalo for the opportunity to testify.

HB-2049

Submitted on: 2/5/2026 9:46:14 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Shay Chan Hodges	Individual	Support	Written Testimony Only

Comments:

Please vote for HB2049, which:

- Raises significant revenue from luxury sales: It increases the tax rate on properties sold for over \$2 million, raising an estimated \$68.5 million per year.
- Protects local, middle-class families: By restructuring to a marginal rate system, the average local family selling their home would likely pay a lower rate than they do now. This bill targets wealth, not working families.
- Makes a historic investment in justice: A significant portion of this new revenue is dedicated to the Department of Hawaiian Home Lands (DHHL), directly addressing the long-broken promise to Native Hawaiians and creating a powerful link between taxing extreme wealth and funding equity.

This isn't a radical idea. Our current luxury tax rates are far lower than in cities like Seattle and San Francisco. HB2049 simply asks those who can most afford it to contribute more to the islands they profit from.

Mahalo!

HB-2049

Submitted on: 2/5/2026 9:58:40 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Noelle Lindenmann	Individual	Support	Written Testimony Only

Comments:

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

I am testifying in strong support of HB2049, to update Hawai‘i’s conveyance tax to ensure it is fair, modern, and capable of meeting our state’s greatest needs.

The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands. Yet, as the value of property, especially luxury estates, has soared, our tax rates have remained stuck in the past. Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%.

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- Making a crucial investment in the Department of Hawaiian Home Lands, helping to fulfill a generations-old promise
- Making additional critical investments in the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

I urge you to pass this bill. It is a long-overdue step toward tax fairness and a powerful commitment to housing our people, preserving our lands, and building a more equitable Hawai‘i.

Mahalo for the opportunity to testify.

Noelle Lindenmann, Kailua-Kona

HB-2049

Submitted on: 2/5/2026 11:20:23 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ana Malia	Individual	Support	Written Testimony Only

Comments:

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

My name is Ana Kia, and I am testifying in strong support of HB2049, to update Hawai'i's conveyance tax to ensure it is fair, modern, and capable of meeting our state's greatest needs. The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands. Yet, as the value of property, especially luxury estates, has soared, our tax rates have remained stuck in the past. Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%. This bill wisely corrects this imbalance by adopting a marginal rate structure—the same fair principle used in our income tax. This means a middle-class family selling their home would likely pay a lower effective rate than they do now, while the tax increases would fall squarely on the portion of a property's value over \$2 million, often owned by wealthy non-residents. It is a targeted ask for those who have profited most from our islands' scarcity.

The impact of this common-sense update would be transformative. It is estimated to generate an additional \$68.5 million annually. This revenue would provide a historic, sustained investment in our future by:

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- Bolstering the Legacy Land Conservation Fund to protect 'āina from development.**
- Making a crucial investment in the Department of Hawaiian Home Lands, helping to fulfill a generations-old promise**
- Making additional critical investments in the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.**

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

I urge you to pass this bill. It is a long-overdue step toward tax fairness and a powerful commitment to housing our people, preserving our lands, and building a more equitable Hawai'i.

Mahalo for the opportunity to testify.

HB-2049

Submitted on: 2/5/2026 11:39:28 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Comments	Written Testimony Only

Comments:

Comment PROMISES MADE TO DHHL BENEFICIARIES BUT NOT KEPT!

60M DHHL dedicated (5) Est a dedicated conveyance tax DHHL...

SOH-LEGISLATURES "PROMISES MADE TO DHHL BENEFICIARIES BUT NOT KEPT! REAL?

2049 HB RELATING TO HOUSING.

Testimony in Strong Support of House Bill 2049: Relating to Housing

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

My name is Kristina Kaimiola, and I submit this testimony in strong support of HB2049. I also shared this message at the Working Families Caucus press conference on January 29, 2026.

At its core, the conveyance tax is simple: it is a one-time tax paid when property is sold, and it directly supports two things Hawai'i desperately needs—affordable housing and the protection of our lands. But while property values have skyrocketed, especially at the high end of the market, our conveyance tax structure has not kept up.

Today, multi-million-dollar properties—often owned by wealthy investors or non-residents—are taxed at rates that no longer reflect the reality of Hawai'i's housing market or the strain on our communities. In other high-cost cities, like Seattle and San Francisco, conveyance or transfer taxes are significantly higher. Hawai'i has been left behind, even as local families are being priced out and is one of the highest states to live in.

HB2049 fixes this in a thoughtful and fair way. By using a marginal rate structure—similar to how income taxes work—it protects middle-class homeowners while asking more from the portion of property value above \$2 million. Most local families selling their primary home would not see an increase. The higher rates apply only to the most expensive transactions.

This matters because the revenue impact is real. HB2049 is estimated to generate approximately \$68.5 million each year. That funding would allow the state to make sustained investments where they are most needed:

- Building affordable rental housing through the Rental Housing Revolving Fund
- Protecting our 'āina through the Legacy Land Conservation Fund
- Supporting the Department of Hawaiian Home Lands in addressing decades-long waitlists
- Investing in infrastructure that supports housing development near transit and jobs

This bill ensures that when luxury properties change hands at record prices, Hawai'i's people share in the benefit to be able to thrive not just survive—not just private investors.

HB2049 is about fairness, responsibility, and using the tools we already have to meet the scale of our housing crisis. I respectfully urge you to pass this measure.

Mahalo for the opportunity to testify, Kristina Kaimiola

HB-2049

Submitted on: 2/5/2026 1:54:48 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jesse Hutchison	Individual	Support	Written Testimony Only

Comments:

Thank you!

HB-2049

Submitted on: 2/5/2026 1:59:27 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Juliann Chen	Individual	Support	Written Testimony Only

Comments:

Testimony in Strong Support of House Bill 2049: Relating to Housing

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

My name is Juliann Chen, and I am testifying in strong support of HB2049, to update Hawai'i's conveyance tax to ensure it is fair, modern, and capable of meeting our state's greatest needs.

The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands. Yet, as the value of property, especially luxury estates, has soared, our tax rates have remained stuck in the past. Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%.

This bill wisely corrects this imbalance by adopting a marginal rate structure—the same fair principle used in our income tax. This means a middle-class family selling their home would likely pay a lower effective rate than they do now, while the tax increases would fall squarely on the portion of a property's value over \$2 million, often owned by wealthy non-residents. It is a targeted ask for those who have profited most from our islands' scarcity.

The impact of this common-sense update would be transformative. It is estimated to generate an additional \$68.5 million annually. This revenue would provide a historic, sustained investment in our future by:

- **Increasing funding for the Rental Housing Revolving Fund to build affordable rentals, directly combating our housing crisis.**
- **Bolstering the Legacy Land Conservation Fund to protect 'āina from development.**
- **Making a crucial investment in the Department of Hawaiian Home Lands, helping to fulfill a generations-old promise**
- **Making additional critical investments in the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.**

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

I urge you to pass this bill. It is a long-overdue step toward tax fairness and a powerful commitment to housing our people, preserving our lands, and building a more equitable Hawai'i.

Mahalo for the opportunity to testify.

HB-2049

Submitted on: 2/5/2026 2:09:36 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Dita Škalic	Individual	Support	Written Testimony Only

Comments:

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

My name is Dita Škalič, and I am testifying in strong support of HB2049, to update Hawai'i's conveyance tax to ensure it is fair, modern, and capable of meeting our state's greatest needs.

The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands. Yet, as the value of property, especially luxury estates, has soared, our tax rates have remained stuck in the past. Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%.

This bill wisely corrects this imbalance by adopting a marginal rate structure—the same fair principle used in our income tax. This means a middle-class family selling their home would likely pay a lower effective rate than they do now, while the tax increases would fall squarely on the portion of a property's value over \$2 million, often owned by wealthy non-residents. It is a targeted ask for those who have profited most from our islands' scarcity.

The impact of this common-sense update would be transformative. It is estimated to generate an additional \$68.5 million annually. This revenue would provide a historic, sustained investment in our future by:

- Increasing funding for the Rental Housing Revolving Fund to build affordable rentals, directly combating our housing crisis.
- Bolstering the Legacy Land Conservation Fund to protect 'āina from development.
- Making a crucial investment in the Department of Hawaiian Home Lands, helping to fulfill a generations-old promise

- Making additional critical investments in the Dwelling Unit Revolving Fund to fund infrastructure programs in county-designated transit-oriented development areas.

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

I urge you to pass this bill. It is a long-overdue step toward tax fairness and a powerful commitment to housing our people, preserving our lands, and building a more equitable Hawai‘i.

Mahalo for the opportunity to testify.

HB-2049

Submitted on: 2/5/2026 3:27:29 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
John A. H. Tomoso	Individual	Support	Written Testimony Only

Comments:

RE: HB2049

Aloha,

I am in strong support of the Bill that will update Hawai'i's outdated conveyance tax (a tax on the sale of real property) to ensure the ultra-wealthy—often out-of-state investors buying multi-million dollar estates—pay their fair share when they profit from our islands' limited land.

Mahalo for your considerations as this Bill passes through the Houses of the Capitol.

Aloha

John A H. Tomoso+, MSW, ACSW

51 Ku'ula Street, Kahului, HI 96732-2906

john.a.h.tomoso@gmail.com

HB-2049

Submitted on: 2/5/2026 4:16:42 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Anna Camacho	Individual	Support	Written Testimony Only

Comments:

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

My name is Anna, and I am submitting testimony in strong support of SB 678.

When a home is sold in Hawai‘i, the state collects a one-time conveyance tax. That tax helps fund affordable housing and protect our ‘āina. But while home prices (especially luxury and second homes) have skyrocketed, the conveyance tax has barely changed.

The result is a system where wealth flows into Hawai‘i’s real estate market, while the funds meant to house our people and protect our land are capped and falling behind. Working families are priced out, Native Hawaiians are displaced, and our communities feel the loss. A huge part of what makes Hawai‘i special is the people that love and care for this land, and there is no Hawai‘i without Hawaiians.

SB 678 begins to correct that imbalance. It asks high-value and luxury properties to contribute a little more, using a fair, marginal rate, while protecting middle-class homeowners. The revenue would support affordable housing, homelessness services, land conservation, and the Department of Hawaiian Homelands.

If we believe Hawai‘i should be a place where people can stay, not just a place to park wealth, then we must align our tax system with our values.

I respectfully urge you to support SB 678.

Mahalo for the opportunity to testify.

LATE

HB-2049

Submitted on: 2/5/2026 6:00:09 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Ho	Individual	Support	Written Testimony Only

Comments:

Chairs Luke Evslin and Mark Hashem, and Members of the Committees on Housing; and Water and Land:

I am testifying in strong support of HB 2049.

As a local person, and a strong advocate for justice for Native Hawaiians, I value this bill because it would tax wealthy off-island investors at a higher rate than they are now taxed. For example, wealthy investors selling homes for over \$2 million would be taxed at a higher rate than middle class families are now taxed. There would be a potential gain in revenue for the State of \$68.5 million annually.

The other feature of HB2049 that I especially support is that it allocates 30% of conveyance tax revenues to the Hawaiian Home Lands Trust Fund. To me, this represents the State “putting our money where our mouth is” in the effort to repair the long history of damage done to Native Hawaiians and their land!!

Please vote in favor of HB2049!

Mahalo,

Cheryl O. Ho, Nu‘uanu

HB-2049

Submitted on: 2/5/2026 8:54:16 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Lorna Holmes	Individual	Support	Written Testimony Only

Comments:

I urge you to pass this bill, which would update Hawai'i's outdated conveyance tax on the sale of real property to ensure the ultra-wealthy—often out-of-state investors buying multi-million dollar estates—pay their fair share when they profit from our islands' limited land. Affordable housing needs all the help it can get.

Mahalo for your consideration,

Dr. Lorna Holmes

Mo'ili'ili 96826

LATE

HB-2049

Submitted on: 2/5/2026 10:36:11 PM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathy Shimata	Individual	Support	Written Testimony Only

Comments:

I support this bill to update Hawai'i's outdated conveyance tax to ensure the ultra-wealthy—often out-of-state investors buying multi-million dollar estates—pay their fair share when they profit from our islands' limited land.

HB2049 will:

- Raise significant revenue from luxury sales: It increases the tax rate on properties sold for over \$2 million, raising an estimated \$68.5 million per year.
- Protect local, middle-class families: By restructuring to a marginal rate system, the average local family selling their home would likely pay a lower rate than they do now. This bill targets wealth, not working families.
- Make a historic investment in justice: A significant portion of this new revenue is dedicated to the Department of Hawaiian Home Lands (DHHL), directly addressing the long-broken promise to Native Hawaiians.

This isn't a radical idea. Our current luxury tax rates are far lower than in cities like Seattle and San Francisco. HB2049 simply asks those who can most afford it to contribute more to the islands they profit from.

Mahalo,

Kathy Shimata

LATE

HB-2049

Submitted on: 2/6/2026 6:04:02 AM

Testimony for HSG on 2/6/2026 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Nikos Leverenz	Individual	Support	Written Testimony Only

Comments:

I am testifying in strong support of HB2049, to update Hawai'i's conveyance tax to ensure it is fair, modern, and capable of meeting our state's greatest needs.

The conveyance tax is a critical tool—a one-time tax paid when property is sold that directly funds two of our most pressing priorities: the construction of affordable housing and the permanent protection of our natural and cultural lands.

Owners of multi-million dollar properties pay a rate of only 0.5% to 1.25%, a fraction of what is paid in other high-cost cities like Seattle and San Francisco, where rates range from 2% to 7%.

The proposed increase is estimated to generate an additional \$68.5 million of additional state revenues annually.

This bill helps to ensure that when luxury property changes hands at record prices, our community receives a fair share to invest in itself.

Mahalo for the opportunity to provide testimony.