

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

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Statement of
MARY ALICE EVANS, Director

before the
HOUSE COMMITTEE ON HOUSING
Wednesday, March 18, 2026
9:00 AM
State Capitol, Conference Room 430

in consideration of
SB 3028, SD 2
RELATING TO PROPERTY CONVEYANCE.

Chair Evslin, Vice Chair Miyake, and Members of the House Committee on Housing.

The Office of Planning and Sustainable Development (OPSD) **supports** SB 3028, SD 2, 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. Adjusts allocations of conveyance tax collections to Section 171-19, the Special Land Development and Development Fund, and to Section 198D-2, Na Ala Hele. 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.

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. The *TOD Infrastructure Finance and Delivery Strategy Study* conducted by OPSD pursuant to Act 88, Session Laws of Hawaii'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 Hawaii'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



STATE OF HAWAII 'I
DEPARTMENT OF TAXATION
Ka 'Oihana 'Auhau
P.O. BOX 259
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 3028, S.D.2, Relating to Property Conveyance

BEFORE THE:

House Committee on Housing

DATE: Wednesday, March 18, 2026

TIME: 9:00 a.m.

LOCATION: State Capitol, Room 430

Chair Evslin, Vice-Chair Miyake, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 3028, S.D.2, for your consideration.

Section 3 of S.B. 3028, S.D.2, amends section 201H-191, Hawaii Revised Statutes (HRS), to direct conveyance taxes received pursuant to section 247-7(3), HRS, be deposited into the "dwelling unit revolving fund," and restricting those proceeds to fund infrastructure programs in areas that meet "transit-supportive density" requirements.

Definitions are provided for "county-designated transit-oriented development area," "floor area ratio," "ministerial permit," and "transit-supportive density requirements."

Section 4 of S.B. 3028, S.D.2, amends sections 247-2(a)(1) and (a)(2), HRS, to restructure the conveyance tax to a marginal rate system imposing new, unspecified tax rates.

Section 4 of the bill further amends 247-2(a)(2), HRS, by expanding the applicable property description from "a condominium or single-family residence" to also include "land zoned agricultural with a residential dwelling unit," and by adding a provision clarifying that the new, unspecified tax rates will apply to the transfer of a "multifamily residential property," which is defined as a structure that is located within

the state urban land use district that is divided into five or more dwelling units. The applicable rate is determined by dividing the actual and full consideration for the transfer by the number of residential dwelling units in the property to derive a per unit value, then identifying the corresponding marginal rate and applying the rate to the total consideration.

Section 4 of the bill also adds subsection 247-2(b), HRS, to require DOTAX to recompute, no later than December 15 of the preceding calendar year, the property value thresholds in subsection 247-2(a), HRS, based on a “cost-of-living adjustment factor.”

The measure has a defective effective date of July 1, 2050.

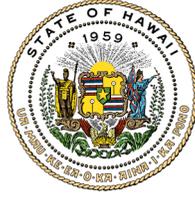
DOTAX notes that the prior committee deleted Section 5 from the S.B. 3028, H.D.1, version of the measure which had directed the required deposits of conveyance tax collections into various special funds. DOTAX recommends that Sections 1 and 2 of the S.B. 3028, S.D.2, version of the bill also be amended, as may be appropriate, to match the legislature’s intent for deposit of the conveyance tax collections under the bill.

DOTAX further notes that if the rates in the bill are specified, DOTAX can implement the conveyance tax law changes in the bill with a January 1, 2027, effective date.

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

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
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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 Committee on
HOUSING

Wednesday, March 18, 2026
9:00 AM
State Capitol, Conference Room 430

In consideration of
SENATE BILL 3028, SENATE DRAFT 2
RELATING TO PROPERTY CONVEYANCE

Senate Bill 3028, Senate Draft 2 includes provisions that (1) establish acquisition of land for trails and trail accesses under Department of Land and Natural Resources jurisdiction as an allowable use of the Special Land and Development Fund and (2) add a portion of conveyance tax revenues to the funding stream for the Special Land Development Fund.

The Department of Land and Natural Resources supports this measure, provided that it does not impact the existing 10% allocation of conveyance tax revenues to the Land Conservation Fund.

Mahalo for the opportunity to comment 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 COMMITTEE ON HOUSING
ON MARCH 18, 2026 AT 9:00AM IN CR 430

SB3028, SD2, RELATING TO PROPERTY CONVEYANCE

March 18, 2026

Aloha Chair Evslin, Vice Chair Miyake, and members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **supports with amendments** this bill which 1) 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 2) adds the Special Land and Development Fund (to fund land acquisition for the Hawai'i Statewide Trail and Access Program) and the Dwelling Unit Revolving Fund (to fund infrastructure programs in county-designated transit-oriented development areas).

DHHL requests that SB3028, SD2, be amended by adopting the language from Section 5 and Section 6 in HB2049, HD3, as well as any other pertinent language that would provide dedicated funding to DHHL. A dedicated funding source such as this would allow the State to fulfill its trust responsibility to DHHL and its beneficiaries.

Thank you for your consideration of our testimony.

March 18, 2026

The Honorable Luke A. Evslin, Chair

House Committee on Housing

State Capitol, Conference Room 430 & Videoconference

RE: Senate Bill 3028, SD2, Relating to Property Conveyance

HEARING: Wednesday, March 18, 2026, at 9:00 a.m.

Aloha Chair Evslin, Vice Chair Miyake, 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** Senate Bill 3028, SD2, 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. Adds the Special Land and Development Fund (to fund land acquisition for the Hawai'i Statewide Trail and Access Program) and the Dwelling Unit Revolving Fund (to fund infrastructure programs in county-designated transit-oriented development areas). Effective 7/1/2050.

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.



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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. We are concerned that Hawaii's homeowners are disproportionately shouldering the burden of increasing revenue for the state and respectfully ask the Legislature to consider other options.

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.





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TESTIMONY IN OPPOSITION TO SB 3028 SD2 –

Aloha Chair, Vice-Chair and members of the Committee. Avalon Development respectfully submits testimony in opposition to SB 3028, SD2. We appreciate the Legislature's intent to fund housing, infrastructure, and trust obligations; however, this measure relies on a significantly expanded and increasingly complex conveyance tax structure that will raise transaction costs across the housing and commercial real estate market in ways that ultimately undermine housing production and affordability.

SB 3028, SD2 restructures the conveyance tax into a marginal rate system, applies a per-unit valuation methodology to multifamily properties, introduces automatic cost-of-living adjustments, and expands earmarks to multiple special funds. Conveyance taxes are paid at the point of transfer and directly affect whether transactions occur at all. As numerous stakeholders have noted, higher and less predictable transaction costs reduce market activity, discourage property transfers, and constrain redevelopment and adaptive reuse. These transactions are often a necessary precursor to adding housing supply, modernizing aging buildings, and bringing underutilized properties back into productive use.

The bill also disproportionately impacts multifamily and commercial properties, which are central to delivering rental housing and workforce units at scale. Applying higher marginal rates and per-unit conveyance tax calculations penalizes projects that rely on density to be financially feasible. These added costs reduce the capital available for construction, rehabilitation, and affordability commitments. They do not disappear at the transaction level; instead, they are capitalized into higher rents and prices over time. In this way, the bill risks worsening affordability for families and small businesses, even as it purports to address housing challenges.

Avalon Development is particularly concerned about the continued expansion of conveyance tax earmarks to fund core public responsibilities. Conveyance tax revenues are inherently cyclical and tied to real estate market conditions. Expanding reliance on this volatile revenue source reduces legislative oversight and increases pressure to raise rates during market downturns, further suppressing housing investment. While we strongly support the mission of the Department of Hawaiian Home Lands and the need for stable, long-term funding, DHHL obligations should be funded transparently through the General Fund, where priorities can be evaluated annually and aligned with constitutional responsibilities, rather than through transaction taxes that burden housing production and families.



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Hawai'i's housing crisis will not be solved by layering additional costs onto the transactions that make housing delivery possible. Policies that discourage investment, redevelopment, and housing transactions, particularly in multifamily and mixed-use projects, work against the State's stated goals. For these reasons, Avalon Development respectfully urges the Committee to defer or substantially amend SB 3028, SD2. Mahalo for the opportunity to submit testimony.

Respectfully submitted,

Avalon Development Company LLC



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

March 18, 2026

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

RE: SUPPORT for SB 3028 SD2 - RELATING TO HOUSING

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

On behalf of Hawai'i YIMBY, we are writing in **support of SB 3028 SD2**.

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

SB 3028 SD2 strengthens the connection between infrastructure funding and housing production by directing resources to areas that meet transit-supportive density requirements. This ensures that public investment is aligned with places where additional housing can be built efficiently and sustainably. By supporting infrastructure such as utilities, roads, and community facilities, the bill enables more homes to move forward and helps maximize the impact of transit-oriented development.

The bill also modernizes the conveyance tax structure by applying a marginal rate system and adjusting how multifamily properties are assessed, helping to create a more consistent and scalable funding source for these investments.

Hawai'i YIMBY (Yes In My Backyard) is a volunteer-led grassroots advocacy organization dedicated to supporting bold and effective solutions to Hawai'i's housing crisis. Our



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Honolulu, HI 96814
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members are deeply concerned about the state's chronic housing shortage, which has caused home prices to rise faster than incomes and continues to push kama'āina out of Hawai'i.

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

Sincerely,

Damien Waikoloa
Chapter Lead, Hawai'i YIMBY

Edgardo Díaz Vega
Chapter Lead, Hawai'i YIMBY

Huey Kwik
Chapter Lead, Hawai'i YIMBY





A Just Peace and Open and Affirming Congregation

CHURCH OF THE CROSSROADS TESTIMONY IN SUPPORT OF SENATE BILL 3028

The Church of the Crossroads was founded in 1923 as Hawaii's first intentionally multiethnic church. We are a Just Peace Church that actively works toward social, economic, and ecological justice in the care of God's whole creation.

The Church of the Crossroads supports SB 3028, SD 2.

Our church congregation strongly supports legislative reforms for conveyance taxes that create higher tax rates for wealthier properties, while dedicating the majority of those revenues to affordable housing needs. This bill can support both goals. Rates should be structured to protect working families and home owners of properties valued at less than \$2 million, while increasing rates in a graduated fashion for more expensive properties that can bear a greater share.

This bill also provides greater flexibility in meeting affordable housing needs, by funding reliable income streams for both the Rental Housing Revolving Fund and Dwelling Unit Revolving Fund. We strongly support the elimination of the cap on revenues for the Rental Housing Revolving Fund, so that greater revenues can flow into that fund. Given the continuing affordable housing crisis in this state, we request that the majority of these tax revenues be dedicated to the Rental Housing Revolving Fund and Dwelling Unit Revolving Fund. Without sustained funding to address affordable housing needs, we will continue to fall short of funds needed to create housing to retain our working families, young people and kupuna.

Thank you for consideration of our testimony and helping provide for the needs of our community.

Submitted by Ellen Godbey Carson on behalf of the Church of the Crossroads

Email: office@churchofthecrossroadshawaii.org



CATHOLIC CHARITIES HAWAII

SUPPORT FOR SB 3028 SD2: RELATING TO PROPERTY CONVEYANCE

TO: House Committee on Housing
FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawai'i
Hearing: Wednesday, 3/18/26, 9:00 AM; CR 430 and via Videoconference

Chair Evslin, Vice Chair Miyake, and Members, Committee on Housing:

Thank you for the opportunity to testify in **strong support of SB 3028 SD2, with three amendments**. This bill restructures the conveyance tax to a marginal rate system and adjusts the tax rates. It also adds allocations to the Special Land and Development Fund and the Dwelling Unit Revolving Fund (DURF).

Catholic Charities Hawai'i (CCH) is a tax-exempt, community-based organization that has served Hawai'i for over 78 years, assisting more than 40,000 individuals statewide each year. We provide a wide range of services for children, families, kūpuna, immigrants, and individuals experiencing homelessness. We have a long history of addressing affordable housing and homelessness.

The conveyance tax is a critical tool for generating ongoing and predictable funding for the long-term needs in our state. Hawai'i's current conveyance tax is significantly lower than that in comparable high-cost areas of the US. Given the severity of our housing crisis, now is the time to overhaul this tax. **With the anticipated increase in revenues, we respectfully urge three amendments to effectively address homelessness and our affordable housing crisis:**

Allocate 10% of revenues to a Homeless Services Special Fund*. Homeless services are essential "infrastructure" that are critical for success. Ending homelessness requires ongoing, stable funding. With dedicated revenues, permanent supportive housing and other proven initiatives could expand to help many more individuals transition off our streets.

Allocate 30% of revenues to DHHL for native Hawaiian housing. As of 2025, DHHL estimated it needed \$800 million to produce about 6,000 homestead lots. Predictable, ongoing funding would significantly strengthen DHHL's ability to plan and build housing and would support the State's obligations to native Hawaiians.

Allocate at least 30% of revenues to the Rental Housing Revolving Fund (RHRF). While 50% of this tax is currently allocated to the RHRF, higher revenues will allow for more needs to be addressed. However, we urge you to continue a strong priority for creating rental housing. There is ever growing demand for RHRF investments to make rental projects feasible to build. This housing is a cornerstone of homelessness prevention and is critical for enabling local families to remain in Hawai'i. We urge you to balance the dire need throughout our state for affordable rentals when you consider other State priorities.



***Urgency for a Deducted Homeless Services Fund:**

The need for a 10% allocation to a Homeless Services Special Fund is especially pressing. Hawai`i's homeless service system is facing serious risk. The February 22, 2026 *HUD Impact Report* by Partners In Care, warns:

“The O`ahu Continuum of Care (COC) faces catastrophic housing losses if HUD does not automatically renew FY 2025 COC Program grants. These grants support Permanent Supportive Housing, Rapid Rehousing, and Joint Transitional Housing-Rapid Rehousing projects serving Hawai`i's most vulnerable residents.”

Without these renewals, formerly homeless individuals—now stably housed--could be immediately displaced, with ripple effects on landlords, healthcare systems, youth transition systems and disaster response infrastructure. The uncertainty of federal funding now and in the future underscores the urgent need for a reliable state revenue source for these essential programs.

A dedicated 10% share of conveyance tax revenues would provide predictable, sustainable funding to maintain proven services. It would allow the State to strategically invest in new initiatives that advance our shared goal of ending homelessness.

Catholic Charities Hawai`i strongly urges your support for this bill, along with the proposed amendments, to strengthen the State's capacity to effectively address homelessness and to create housing for those most in need.

If you have any questions, please contact Betty Lou Larson, at (808) 527-4813.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CONVEYANCE, Restructure and Hike

BILL NUMBER: SB 3028 SD2

INTRODUCED BY: WAM

EXECUTIVE SUMMARY: Restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. Adds the Special Land and Development Fund (to fund land acquisition for the Hawai‘i Statewide Trail and Access Program) and the Dwelling Unit Revolving Fund (to fund infrastructure programs in county-designated transit-oriented development areas). Effective 7/1/2050. (SD2)

SYNOPSIS: Amends section 171-19, HRS, relating to the special land and development fund, allowing it to receive money from a conveyance tax earmark and explicitly allowing it to acquire land.

SYNOPSIS: Amends section 198D-2, HRS, relating to the statewide trail and access program, allowing it to receive money from a conveyance tax earmark and explicitly allowing it to acquire land.

Amends sec 201H-191, HRS, relating to the dwelling unit revolving fund, to allow for a deposit of conveyance taxes, to fund infrastructure programs in areas that meet “transit supportive density” requirements.

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: _____ cents per \$100;
 - B) for properties with a value of at least \$600,000, but less than \$1,000,000: \$ _____ plus _____ 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: \$ _____ plus _____ 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: \$ _____ plus _____ cents 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: \$ _____ plus \$ _____ 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: \$ _____ plus \$ _____ per \$100 of excess over \$6,000,000; and

G) for properties with a value of at least \$10,000,000: \$ _____ plus \$ _____ per \$100 of excess over \$10,000,000.

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: _____ cents per \$100;

B) for properties with a value of at least \$600,000, but less than \$1,000,000: \$ _____ plus _____ 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: \$ _____ plus _____ 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: \$ _____ plus \$ _____ 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: \$4 plus \$ _____ 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: \$ _____ plus \$ _____ per \$100 of excess over \$6,000,000; and

G) for properties with a value of at least \$10,000,000 or greater: \$ _____ plus \$ _____ per \$100 of excess over \$10,000,000.

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.

EFFECTIVE DATE: July 1, 2050.

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.

This bill proposes to presumably raise conveyance tax rates although the magnitude cannot be determined in as the measure contains only blanks.

The bill includes unspecified tax brackets and rates. The bill cannot be scored for revenue gain/loss in its current form and cannot be vetted properly unless numbers are inserted.

We note that the Rules of the House and of the Senate specify that proceedings are to follow Mason's Manual of Legislative Procedure published by the National Conference of State Legislatures. Mason's Manual specifies, in section 416-8 of its 2020 edition, that "When proposals containing blanks are introduced, these must be filled before other motions to amend are entertained."

To the extent that a tax increase is being considered, 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.

Digested: 3/16/2026

To: House Committee on Housing
 Re: **SB3028 SD2 – Relating to Property Conveyance**
 Hawai'i State Capitol & Via Videoconference
 March 18, 2026, 9:00 AM

Dear Chair Evslin, Vice Chairs Miyake, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **SUPPORT with suggested amendments to SB3028 SD2**. This bill restructures the conveyance tax to a marginal rate system and adjusts the tax for multifamily properties to reflect value on a per-unit basis. It also adds the Special Land and Development Fund and the Dwelling Unit Revolving 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**, which is much lower than in places like Seattle and San Francisco.

The original version of 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 this table:

Property Value	Owner-Occupied Principal Home			Second Home / Investment Property		
	Current Tax	SB3028 Tax	Difference	Current Tax	SB3028 Tax	Difference
\$1,000,000	\$3,000	\$2,000	-\$1,000	\$4,000	\$2,500	-\$1,500
\$5,000,000	\$35,000	\$37,000	+\$2,000	\$42,500	\$74,000	+\$31,500
\$10,000,000	\$100,000	\$119,000	+\$19,000	\$125,000	\$229,000	+\$104,000
\$25,000,000	\$250,000	\$569,000	+\$319,000	\$312,500	\$8441,000	+\$531,500

This bill would also help alleviate our affordable housing crisis. **We respectfully request that you add to this bill the language of Section 4 of HB2049, which establishes a dedicated allocation of conveyance tax revenues to the Department of Hawaiian Homelands.** This is a great chance to address the State's constitutional trust obligation to DHHL.

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 with our suggested amendment.

Sincerely,

Nicole Woo
 Director of Research and Economic Policy



HIPHI Board

May Okihiro, MD, MS
Chair
John A. Burns School of Medicine,
Department of Pediatrics

Jennifer José Lo, MD
Vice Chair
Hawai'i Health Partners

Titimaea Ta'ase, JD
Secretary
Taase Law Office

Jonathan Ching
Kaiser Permanente

Tammy Ho
The Queen's Medical Center

Carissa Holley, MEd
Hale Makua Health Services

Joyce Lee-Ibarra, MS
JLI Consulting

Misty Pacheco, DrPH
University of Hawai'i at Hilo

Dina Shek, JD
Medical-Legal Partnership
For Children in Hawai'i

JoAnn Tsark, MPH
John A. Burns School of Medicine, Native
Hawaiian Research Office

Danette Wong Tomiyasu, MBA
Retired, Hawai'i State Department of
Health

HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community-Based Research &
Evaluation

Community Health
Worker Initiatives

Environmental Health

Hawai'i Climate Change and Health
Working Group

Hawai'i Drug & Alcohol-Free Coalitions

Hawai'i Immunization Coalition

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &
Community Living

Public Health Workforce Development

Date: March 17, 2026

To: Rep. Luke A. Evslin, Chair
Rep. Tyson K. Miyake, Vice Chair
Members of the House Committee on Housing

Re: Support with amendments for SB 3028 SD2, Relating to Property
Conveyance

Hrg: March 18, 2026 at 9:00 AM in Conference Room 430

Hawai'i Public Health Institute (HIPHI)¹ **supports and suggests amendments for SB 3028 SD2**, relating to property conveyance, 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.

Housing Crisis Is A Public Health Matter

Hawai'i is experiencing one of the most severe housing crises in the nation. On O'ahu, the median single-family home price now exceeds \$1 million.² The gap between home prices and local incomes is extreme: the typical Honolulu household would have to spend more than 70 percent of its income on a mortgage, far above affordability standards.³

As a result, only about 20 percent of Hawai'i households can afford a median-priced single-family home, leaving the vast majority priced out of ownership.⁴ These costs force families to spend unsustainable portions of their income on housing, with Hawai'i households paying roughly half of their median monthly income toward rent, the highest rate in the nation.⁵ The result is displacement, outmigration, and rising homelessness across the islands.

Native Hawaiians Are Disproportionately Harmed

Native Hawaiians experience some of the most severe housing inequities in the state. They are significantly overrepresented in Hawai'i's houseless population, making up roughly 40% of those experiencing homelessness, despite

¹ Hawai'i Public Health Institute's mission is to advance health and wellness for the people and islands of Hawai'i. We do this through expanding our understanding of what creates health of people and place, fostering partnerships, and cultivating programs to improve policies, systems, and the environments where people live, learn, work, age, and play.

² [June 2025 Market Report](#), Honolulu Board of Realtors.

³ [The gap between median home prices and household income in Hawai'i? It's 'scary'](#), Hawai'i News Now, 2024.

⁴ [The Hawai'i Housing Factbook](#) 2024, UHERO, May 2024.

⁵ [States Where People Spend the Most & Least on Housing](#), WalletHub, April 2025.



representing only 20% of the population.⁶ Structural barriers to housing are also reflected in the long-standing Department of Hawaiian Home Lands waitlist, which includes tens of thousands of Native Hawaiian beneficiaries seeking homesteads.⁷ These disparities are rooted in historic land dispossession and ongoing economic inequities, and they contribute to disproportionate rates of poverty among Native Hawaiian families. Therefore, addressing Hawai'i's housing crisis requires targeted investment in Native Hawaiian housing opportunities.

Suggested Amendment: Fully Investing In Hawai'i's People

While we support this measure, we prefer the conveyance tax language articulated in HB 2049, which your committee passed earlier this year. Please amend this measure to reflect the stronger and more inclusive language of HB 2049. HB 2049 generates revenue by restructuring the conveyance tax in a manner similar to SB 3028, but with specified allocations going toward the Rental Housing Revolving Fund, Dwelling Unit Revolving, and Hawaiian Home Lands Trust Fund. Taken together, these allocations create a dedicated funding stream to meet Hawai'i's urgent housing needs that will produce at least \$70 million annually—with the potential to generate hundreds of millions in years with higher numbers of property transactions—for housing insecure, financially vulnerable, and indigenous populations.

Compared to other high-cost areas, Hawai'i's conveyance tax rates remain relatively low, even for multimillion-dollar property sales. A significant share of high-value real estate sales, particularly luxury properties above \$4 million, are purchased by out-of-state investors, meaning wealth generated from Hawai'i land is often extracted out of the state.⁸ This proposal modernizes the conveyance tax system by restructuring it into a marginal rate structure, ensuring that higher-value property sales are taxed at higher rates while protecting lower-value and local housing transactions. Doing so asks those who profit the most from Hawai'i's real estate market to contribute more toward solving the housing crisis.

Housing is a critical social determinant of public health. Accordingly, we urge you to support this bill to advance housing equity for our most vulnerable residents.

Mahalo,

A handwritten signature in black ink that reads 'Kris Coffield'.

Kris Coffield
Policy and Advocacy Associate

⁶ [Native Hawaiian and Pacific Islanders' Identity and Housing Status: The Impact on Historical Trauma and Perceived Stress](#), International Journal of Environmental Research and Public Health, September 2024.

⁷ [Fixing the Backlog of Native Hawaiians Waiting for Homesteads](#), Hawai'i Business Magazine, 2019.

⁸ [Preserving Hawai'i](#), Hawai'i Appleseed, February 2024.



Protect Democracy Move Forward

www.indivisiblehawaii.org

info@indivisiblehawaii.org

To: Hawai'i State House Committee on Housing
Re: Testimony in SUPPORT of SB3028 SD2

Dear Chair Evslin, Vice Chair Miyake, and the Members of Committees,

Members of Indivisible Hawai'i thank you for this opportunity to testify in strong support of SB3028 SD2, with a request to use the language in HB2049. While SB3028 would help Hawai'i protect the programs and services needed, HB2049 would better meet Hawai'i's housing needs.

SB3028 SD2 does not address the State's obligation to the Department of Hawaiian Home Lands (DHHL) and the language proposed in HB2049 would. This amendment would dedicate 30% or \$60,000,000, whichever is less, annually to the Hawaiian Home Lands trust fund. If the State is restructuring how it captures value from real estate, it should include Native Hawaiians in that framework.

Thank you for your consideration.

Sincerely,
Younghee Overly
Indivisible Hawai'i Working Families Team

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

March 18, 2026, 9 a.m.
Hawaii State Capitol
Conference Room 430 and Videoconference

To: House Committee on Housing
Rep. Luke A. Evslin, Chair
Rep. Tyson K. Miyake, Vice Chair

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

TESTIMONY IN OPPOSITION TO SB3028 SD2 — RELATING TO PROPERTY CONVEYANCE

Aloha Chair, Vice Chair and other Committee Members,

The Grassroot Institute of Hawaii **opposes** [SB3028 SD2](#), which aims to increase existing conveyance tax revenues, largely through raising rates on higher residential tiers as well as commercial and investment real estate.

It is difficult to properly evaluate the impact of a bill with no listed tax rates. But based on the stated intent to increase tax revenues in order to fund certain projects, we must assume that this bill is intended to impose a sizable tax hike on higher-tiered properties.

We appreciate and support a marginal conveyance tax rate more generally; however, we are concerned that the proposed tax hikes could harm the economy and negatively affect Hawaii's already fragile housing market.

A report by the Sage Policy Group on real estate transfer taxes — exactly the type of tax proposed in this bill — noted that such laws can “lead to decreases in population, real incomes, real estate transactions, investment in structures, and quality of the built environment.”¹

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

When applied to higher-value properties, transfer taxes reduce investment in both commercial and residential properties, leading to lost jobs and reduced economic activity.

We at Grassroot believe it is counterintuitive to pursue affordable housing initiatives while simultaneously making it more expensive to buy and sell property.

Further, this measure could discourage the conversion of old buildings to new purposes, which is already taking place in Honolulu.² These so-called adaptive reuse projects have the potential to add to the state's housing stock. But higher conveyance taxes could discourage the sale of old buildings, which might not necessarily qualify as "multifamily residential property" at the time of sale.

Moreover, higher taxes will be a significant burden to businesses in general, regardless of whether they are planning to adapt a property for residential use. The Sage report stated: "Many properties will need to be upgraded and/or adaptively reused to remain viable. Excessive transfer tax rates can frustrate the exchange of property that is often required to return to commercial viability."³

This bill deserves some praise for seeking to adjust the tax for multifamily residential properties to reflect value on a per-unit basis, which would help address some concerns related to the purchase of property for affordable housing or rentals. However, it would not fully mitigate the potential harm that could come from increasing the conveyance tax.

Ultimately, the conveyance tax should only cover administrative needs. It is not the proper mechanism to create revenue for new projects.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

² Lana Teramae, "[Local Architects Talk About Repurposing Existing Buildings in Post-Pandemic Hawai'i](#)," Hawaii Business Magazine, Sept. 6, 2021.

³ "[The Unintended Consequences of Excessive Transfer Taxes](#)," p. 3.



March 18, 2026

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

RE: **SB 3028 SD2 - Relating to Conveyance Tax**
Hearing date – March 18, 2026 at 10:00 AM

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

Thank you for allowing NAIOP Hawaii to submit testimony in **OPPOSITION to SB 3028 SD2– 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.

SB 3028 SD2 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. Proposes blanked out increases in the conveyance tax rates per tier.
3. Reclassifies certain multifamily housing and creating a new conveyance tax category for property with no residential dwelling units.
4. Introduces an annual cost-of-living adjustment (COLA) to the conveyance tax value thresholds.
5. Changes allocations of conveyance tax to the Land Conservation Fund, Rental Housing Revolving Fund (RHRF), and the Dwelling Unit Revolving Fund (DURF) (to fund infrastructure programs in county-designated transit-oriented development areas), and establishes a Special Land and Development Fund (SLDF) (to fund land acquisition for the Hawai‘i Statewide Trail and Access Program).

NAIOP Hawaii recognizes and appreciates the Legislature's intent to generate funding for housing and infrastructure needs. 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.

SB 3028 SD2 materially increases transaction costs for commercial and investment real estate. Large commercial properties including office, industrial, retail, hospitality, and mixed-use assets already face significant upfront acquisition and redevelopment costs. Increasing conveyance tax rates directly reduces the capital available for tenant improvements, building upgrades, sustainability investments, and adaptive reuse. In many cases, these increased transaction costs will render otherwise viable transactions economically infeasible.

This reduction in transaction activity will likely have the opposite effect of what is intended—leading to fewer property transfers, less redevelopment activity, fewer construction jobs, lower general excise tax revenues, and potentially even **less overall conveyance tax revenue** collected by the State.

SB 3028 SD2 also disproportionately impacts high-value residential and multifamily housing projects. By imposing sharply higher marginal rates at the upper tiers and calculating multifamily conveyance tax based on per-unit value, the bill penalizes projects that are often best positioned to produce new housing supply. These projects already contribute disproportionately to State and County revenues through property taxes, construction-related GET revenues, and employment. Singling them out for steep conveyance tax increases risks discouraging investment in housing production rather than encouraging it.

The COLA indexing mechanism adds complexity and uncertainty. Primarily, the language remains unclear as to whether the language for the COLA applies to the tiers or the actual rates applied for each tier. This lack of clarity is concerning which could materially alter the impact of the legislation. While indexing may reduce “bracket creep” in inflationary environments, SB 3028 SD2's COLA provision introduces ambiguity regarding how thresholds will be adjusted and increases unpredictability for long-term investment underwriting. Real estate development and acquisition require multi-year planning horizons. Automatic statutory adjustments without legislative review increase uncertainty and risk, which must be priced into projects and ultimately borne by tenants and homebuyers.

Increased conveyance tax burdens will be passed through to tenants and consumers. Although conveyance tax is paid at the time of transfer, higher transaction costs are capitalized into rents and sales prices. SB 3028 SD2 will therefore increase costs for small businesses leasing commercial space and for residents in multifamily housing, exacerbating Hawai'i's already high cost of living and cost of doing business.

NAIOP Hawaii understands and supports the goal of funding housing and infrastructure programs. However, if the conveyance tax is to be transformed into a significant revenue-generating tax, then revenues should be allocated in a manner that supports **housing production broadly**, including the Rental Housing Revolving Fund

and Dwelling Unit Revolving Fund programs that serve projects based on readiness and feasibility rather than through narrowly restricted funding categories.

Hawai'i is already among the least business-friendly states in the nation. Increasing transaction taxes on real estate will further discourage private investment at a time when the State urgently needs new housing, redevelopment, and job creation. For these reasons, NAIOP Hawaii respectfully recommends that **SB 3028 SD2 be deferred.**

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Ken K. Hayashida". The signature is fluid and cursive, with the first name "Ken" and the last name "Hayashida" clearly legible.

Ken Hayashida, President
NAIOP Hawaii



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for SB3028 – Relating to Property Conveyance
House Committee on Housing
Wednesday, March 18, 2026 at 9:00AM Conf. Rm. 430 and via Videoconference

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

Mahalo for the opportunity to provide support and recommendations on SB3028, relating to property conveyance. **Hawai'i Appleseed supports the intent of this measure to modernize the State's conveyance tax and strengthen funding for housing and infrastructure, and we believe the bill can and should be improved to more fully meet Hawai'i's housing and equity needs. We prefer the language in HB2049 for these purposes.**

Updating the conveyance tax is long overdue. Hawai'i's housing crisis continues to deepen as home prices and land values rise far faster than incomes, while infrastructure constraints limit our ability to build the homes our communities need. A more progressive, marginal tax structure is a sensible reform that reduces cliff effects, improves fairness, and better aligns tax liability with ability to pay—particularly in a market where high-value and investment transactions play an outsized role.

SB3028's focus on strengthening funding for the Dwelling Unit Revolving Fund is especially important. Infrastructure remains one of the most significant barriers to housing production across the state, particularly in transit-oriented development areas where public investment is needed to unlock density and support compact growth.¹ Without reliable infrastructure funding, zoning and financing reforms alone will not deliver the scale of housing required.

However, as drafted, SB3028 misses a critical opportunity to address the State's constitutional trust obligation to the Department of Hawaiian Home Lands (DHHL).² **We strongly urge the Senate to amend the measure to incorporate language similar to that proposed in HB2049 establishing a dedicated allocation of conveyance tax revenues for DHHL.** Specifically including the following language:

"§247-7 Disposition of taxes. All taxes collected under this chapter shall be paid into the state treasury to the credit of the general fund of the State, to be used and expended for the purposes for which the general fund was created and exists by law; provided that of the taxes collected each fiscal year:

¹ "TOD Infrastructure Finance and Delivery Strategy"

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

² "DHHL's Fight for Funding"

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



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for SB3028 – Relating to Property Conveyance
House Committee on Housing
Wednesday, March 18, 2026 at 9:00AM Conf. Rm. 430 and via Videoconference

(1) ~~Five~~ Five per cent or ~~[\$5,400,000,]~~ \$10,000,000, whichever is less, shall be paid into the land conservation fund established pursuant to section 173A-5; ~~and]~~

(2) ~~Fifty~~ Twenty per cent or ~~[\$38,000,000,]~~ \$40,000,000, whichever is less, shall be paid into the rental housing revolving fund established by section 201H-202[-];

(3) Thirty per cent or \$60,000,000, whichever is less, shall be paid into the Hawaiian home lands trust fund; and

(4) Twenty per cent or \$40,000,000, whichever is less, shall be paid into the dwelling unit revolving fund established pursuant to section 201H-191."

The absence of predictable funding has contributed to decades-long waitlists for Native Hawaiian beneficiaries seeking homestead opportunities. Since the 1978 constitutional convention the legislature has continued to ignore the constitutional mandate to sufficiently fund the Department of Hawaiian Homelands.³ In 2022, Act 279 invested a historic one-time appropriation \$600M into the department,⁴ and as of 2025 the department has estimated it needed \$800M in additional financing to produce around 6,000 homestead lots.⁵ 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.⁶ **In FY26, we are budgeting on the order of over \$300M for our corrections system, compared with about \$185M for DHHL.**⁷ In other words, the State is spending far more to cage Native Hawaiians than to house them in their own homeland. Putting the language in HB2049 for an allocation to DHHL would be a step in the right direction, allocating 30% or \$60M, whatever is less, annually to the department. If the State is restructuring how it captures value from real estate, it must ensure that Native Hawaiian beneficiaries are explicitly included in that framework.

Under the approach proposed in HB2049, even where percentage set-asides for certain special funds are lower, the higher overall revenues generated by updated conveyance tax rates would

³ "DHHL's Fight for Funding"
<https://dhhl.hawaii.gov/reports/nelson/>

⁴ Act 279, SLH 2022

⁵ 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>

⁶ "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/>

⁷ [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 SB3028 – Relating to Property Conveyance
House Committee on Housing
Wednesday, March 18, 2026 at 9:00AM Conf. Rm. 430 and via Videoconference

allow those funds—including DHHL—to receive higher flat funding levels. In practical terms, strengthening the tax structure grows total resources while ensuring that core commitments are meaningfully funded. Incorporating this approach would make SB3028 a more complete and equitable reform.

Hawai‘i needs a conveyance tax that does more than update brackets—we need one that reflects our values, supports housing production, and fulfills the State’s trust responsibilities. SB3028 moves in the right direction, but it should be amended to ensure that DHHL receives a dedicated share of revenues alongside housing infrastructure investments.

We appreciate the committee’s leadership on this issue and respectfully urge you to advance SB3028 with amendments to include dedicated funding for the Department of Hawaiian Home Lands consistent with HB2049.

Mahalo for your consideration.

SB-3028-SD-2

Submitted on: 3/16/2026 5:28:44 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ellen Godbey Carson	Individual	Support	Written Testimony Only

Comments:

I support this bill.

I strongly support legislative reforms for conveyance taxes that create higher tax rates for wealthier properties, while dedicating the majority of those revenues to affordable housing needs. This bill can support both goals. Rates should be structured to protect working families and home owners of more modest properties, while increasing rates in a graduated fashion for more expensive properties that can bear a greater share. I also support the elimination of the cap on revenues for the Rental Housing Revolving Fund and Dwelling Unit Revolving Fund, so that greater revenues can flow into those funds to support our affordable housing needs.

Thank you for consideration of my testimony.'

Ellen Carson

SB-3028-SD-2

Submitted on: 3/16/2026 6:27:49 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lindsay Roth	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Evslin and Members of the Committee,

I am writing in strong support of SB3028, with several recommended amendments. Hawai‘i is at a critical juncture. With hundreds of millions of dollars in federal funding cuts and the continued revenue loss from Act 46, the State must make thoughtful decisions to protect the programs and infrastructure our communities rely on. SB3028 is an important step in the right direction, but it can be strengthened to better address Hawai‘i’s housing challenges. For this reason, we prefer the language included in HB2049.

First, SB3028 takes an important step toward addressing Hawai‘i’s housing and infrastructure crisis. Updating the conveyance tax is long overdue. A more progressive, marginal tax structure is a common-sense reform that reduces cliff effects, improves fairness, and better aligns tax liability with the ability to pay. The bill’s focus on strengthening funding for the Dwelling Unit Revolving Fund (DURF) is also critical, as infrastructure costs remain one of the most significant barriers to building the housing our communities need.

Second, the measure should also address the State’s long-standing obligation to the Department of Hawaiian Home Lands (DHHL). We strongly urge the Senate to amend SB3028 to include dedicated funding for DHHL, consistent with the language proposed in HB2049.

The absence of reliable funding has resulted in decades-long waitlists for Native Hawaiian beneficiaries seeking homestead opportunities. Since the 1978 Constitutional Convention, the Legislature has repeatedly fallen short of fully honoring its constitutional responsibility to adequately fund the Department of Hawaiian Home Lands.

Our state must do more to support DHHL beneficiaries. Currently, the State spends far more to incarcerate Native Hawaiians than it invests in ensuring they have access to housing in their own homeland. HB2049 proposes dedicating 30% or \$60 million annually, whichever is less, to the Hawaiian Home Lands trust fund. If the State is restructuring how it captures value from real estate transactions, Native Hawaiians must be included in that framework.

For these reasons, I respectfully urge you to advance SB3028 with amendments that include dedicated funding for the Department of Hawaiian Home Lands.

Mahalo for your consideration.

SB-3028-SD-2

Submitted on: 3/16/2026 6:55:36 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Summer begnaud	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Evslin and Members of the Committee:

My name is Summer Begnaud, and I am writing in strong support of SB3028, with a few suggested amendments. Hawai'i stands at a crossroads. Facing hundreds of millions in federal funding cuts and the ongoing revenue loss from Act 46, we must make difficult choices to protect the programs our communities depend on. SB 3028 moves in the right direction, but it can be improved to better meet Hawai'i's housing needs. We prefer the language in HB2049 for these purposes.

First, SB3028 responsibly addresses our housing and infrastructure crisis. Updating the conveyance tax is long overdue. A more progressive, marginal tax structure is a common-sense reform that reduces cliff effects, improves fairness, and better aligns tax liability with ability to pay. SB3028's focus on strengthening funding for the Dwelling Unit Revolving Fund (DURF) is also important, since infrastructure is one of the most significant barriers to building more housing.

Second, SB3028 does not address the State's obligation to the Department of Hawaiian Home Lands (DHHL). We strongly urge the Senate to amend the measure to set aside dedicated funding for DHHL, consistent with the language proposed in HB2049.

The lack of predictable funding has led to decades-long waitlists for Native Hawaiian beneficiaries seeking homestead opportunities. Since the 1978 constitutional convention, the legislature has continued to ignore the constitutional mandate to sufficiently fund the Department of Hawaiian Homelands.

Our state must provide more support for DHHL beneficiaries. The State is spending far more to imprison Native Hawaiians than to house them in their own homeland. HB2049 would dedicate 30% or \$60,000,000, whichever is less, annually to the Hawaiian Home Lands trust fund. If the State is restructuring how it captures value from real estate, it should include Native Hawaiians in that framework.

For these reasons, I urge you to advance SB3028 with amendments to include dedicated funding for the Department of Hawaiian Home Lands.

Mahalo for your consideration.

SB-3028-SD-2

Submitted on: 3/16/2026 9:10:24 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

I am a resident of Hawai'i, and I heartily support SB3028. By raising revenues from the sales of luxury properties, this measure will provide help to moving some tax burdens to the wealthiest homes instead of working families.

Some may ask why luxury properties should be targeted instead of all properties across the board. In my view, luxury properties are a completely different category of property than the homes owned by middle-class working families necessary for everyday existence. Furthermore, luxury homes place a greater burden on common resources such as transportation systems, resource consumption, and environmental capital, both at the time of construction as well as over the lifetime of the property. Taxing at the moment of sales is also of minimal inconvenience for the owner because that is when huge profits are made and there is capital available.

Please pass SB3028. Mahalo.

SB-3028-SD-2

Submitted on: 3/16/2026 9:23:35 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

I am writing in strong support of SB3028, with a few suggested amendments. Hawai‘i stands at a crossroads. Facing hundreds of millions in federal funding cuts and the ongoing revenue loss from Act 46, we must make difficult choices to protect the programs our communities depend on. SB 3028 moves in the right direction, but it can be improved to better meet Hawai‘i’s housing needs. We prefer the language in HB2049 for these purposes.

First, SB3028 responsibly addresses our housing and infrastructure crisis. Updating the conveyance tax is long overdue. A more progressive, marginal tax structure is a common-sense reform that reduces cliff effects, improves fairness, and better aligns tax liability with ability to pay. SB3028’s focus on strengthening funding for the Dwelling Unit Revolving Fund (DURF) is also important, since infrastructure is one of the most significant barriers to building more housing.

Second, SB3028 does not address the State’s obligation to the Department of Hawaiian Home Lands (DHHL). We strongly urge the Senate to amend the measure to set aside dedicated funding for DHHL, consistent with the language proposed in HB2049.

The lack of predictable funding has led to decades-long waitlists for Native Hawaiian beneficiaries seeking homestead opportunities. Our state must provide more support for DHHL beneficiaries. The State is spending far more to imprison Native Hawaiians than to house them in their own homeland. HB2049 would dedicate 30% or \$60,000,000, whichever is less, annually to the Hawaiian Home Lands trust fund. If the State is restructuring how it captures value from real estate, it should include Native Hawaiians in that framework.

For these reasons, I urge you to advance SB3028 with amendments to include dedicated funding for the Department of Hawaiian Home Lands.

SB-3028-SD-2

Submitted on: 3/16/2026 9:37:20 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Badia Muhammad	Individual	Support	Written Testimony Only

Comments:

I support SB3028, but I encourage the House Committee on Housing to **amend** the bill to use the language from **HB2306**.

Thank you.

SB-3028-SD-2

Submitted on: 3/16/2026 11:09:22 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

Aloha Representative Evslin, Chair, Representative Miyake, Vice Chair, and Members of the Committee on Housing,

I am a resident of Kapolei and a member of the Indivisible Hawai'i Statwide Network. I am writing to provide testimony in strong support of HB1918. The conveyance tax is a one-time tax paid to the state when a property is sold. It's different from property taxes, which homeowners pay to the county every year. Money from the conveyance tax helps build affordable housing and protect natural areas, two things that have been hurt by Hawai'i's real estate prices. Even though property values have soared, especially for luxury homes, owners of expensive properties still pay very low conveyance tax rates, only about 0.5 to 1.25 percent.

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

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

As a result, middle-class homeowners would pay a lower conveyance tax and owners of high-value homes (including out-of-state homeowners) would pay more.

The extra revenue from these changes would go to key priorities like affordable rental housing, conservation, transportation infrastructure, and the Department of Hawaiian Homelands.

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

Mahalo for the opportunity to testify in favor of this bill.

Respectfully,

Robert L. Justice, M.D.

SB-3028-SD-2

Submitted on: 3/17/2026 12:41:55 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Brodie Lockard	Individual	Support	Written Testimony Only

Comments:

I support this bill.

SB-3028-SD-2

Submitted on: 3/17/2026 12:52:01 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Aimee E McCullough	Individual	Support	Written Testimony Only

Comments:

More of Hawai'i's real estate is being bought up by investors, and this tax makes sure that they are contributing more to local communities. We need more affordable housing and this tax will help with that. Investor's should not be given special rates. Let's do what some other places have done to success.

SB-3028-SD-2

Submitted on: 3/17/2026 8:40:30 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

Aloha, e Chair Evslin; Vice Chair Miyake; and Members of the Housing Committee:

I testify in support of the basic content of SB3028. It would make the taxes owed by sellers of luxury properties, more commensurate with the burden of the conveyance tax owed by typical local homeowners.

In addition, I strongly urge you to ***amend*** the wording of the bill, to **include the dedication of 30% or \$60,000,000 (whichever is less) annually to the Hawaiian Home Lands trust fund**. This designation of funds would go a long way to help restore Native Hawaiian ownership of *‘āina* that has been lost.

Mahalo for your serious consideration of my testimony-

Cheryl Ho, Nu‘uanu

SB-3028-SD-2

Submitted on: 3/17/2026 9:19:51 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

RE: SB3028 SD2

Aloha,

I prefer the language contained in House Bill 2306, especially because it would direct **30% of revenue** from the improved tax to the Department of Hawaiian Homelands to help the department provide more housing to Native Hawaiians on its waiting list. However, I still to support SB3028, and I would encourage the House Committee on Housing to **amend** the bill to use the language from HB2306.

Mahkalo,

John A H Tomoso+, MSW ACSW

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john.a.h.tomoso@gmail.com

SB-3028-SD-2

Submitted on: 3/17/2026 11:07:45 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Roger Hamada	Individual	Support	Written Testimony Only

Comments:

Thank you for accepting my late testimony in support of SB2028.

SB-3028-SD-2

Submitted on: 3/17/2026 11:12:16 AM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

Thank you. I am a member of Indivisible Windward.

SB-3028-SD-2

Submitted on: 3/17/2026 12:34:59 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Support	Written Testimony Only

Comments:

prefer language from HB2306

SB-3028-SD-2

Submitted on: 3/17/2026 2:05:38 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

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

Comments:

Thank you

SB-3028-SD-2

Submitted on: 3/17/2026 2:18:49 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Megan Deets	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Evslin and Members of the Committee:

My name is Megan Deets, and I am writing in strong support of SB3028, with a few suggested amendments. Hawai‘i stands at a crossroads. Facing hundreds of millions in federal funding cuts and the ongoing revenue loss from Act 46, we must make difficult choices to protect the programs our communities depend on. SB 3028 moves in the right direction, but it can be improved to better meet Hawai‘i’s housing needs. We prefer the language in HB2049 for these purposes.

First, SB3028 responsibly addresses our housing and infrastructure crisis. Updating the conveyance tax is long overdue. A more progressive, marginal tax structure is a common-sense reform that reduces cliff effects, improves fairness, and better aligns tax liability with ability to pay. SB3028’s focus on strengthening funding for the Dwelling Unit Revolving Fund (DURF) is also important, since infrastructure is one of the most significant barriers to building more housing.

Second, SB3028 does not address the State’s obligation to the Department of Hawaiian Home Lands (DHHL). We strongly urge the Senate to amend the measure to set aside dedicated funding for DHHL, consistent with the language proposed in HB2049.

The lack of predictable funding has led to decades-long waitlists for Native Hawaiian beneficiaries seeking homestead opportunities. Since the 1978 constitutional convention, the legislature has continued to ignore the constitutional mandate to sufficiently fund the Department of Hawaiian Homelands.

Our state must provide more support for DHHL beneficiaries. The State is spending far more to imprison Native Hawaiians than to house them in their own homeland. HB2049 would dedicate 30% or \$60,000,000, whichever is less, annually to the Hawaiian Home Lands trust fund. If the State is restructuring how it captures value from real estate, it should include Native Hawaiians in that framework.

For these reasons, I urge you to advance SB3028 with amendments to include dedicated funding for the Department of Hawaiian Home Lands.

Mahalo for your consideration.

SB-3028-SD-2

Submitted on: 3/17/2026 4:05:34 PM

Testimony for HSG on 3/18/2026 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Galen Fox	Individual	Support	Written Testimony Only

Comments:

Support SB3028 SD2. It will raise needed funds from luxury property sales that can assist our affordable housing objectives. *Higher marginal tax rates will protect local, middle-class families by targeting wealth, not working families.*