

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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HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

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

Before the Senate Committee on  
WATER, LAND, CULTURE AND THE ARTS

Friday, February 06, 2026  
1:00 PM

State Capitol, Conference Room 224 and Via Videoconference

In consideration of  
SENATE BILL 3031  
RELATING TO THE CONVEYANCE TAX

Senate Bill 3031 will require that all conveyance tax revenues collected from the conveyance or transfer of real property located in whole or in part in a sea level rise exposure area be deposited into the Beach Restoration Special Fund. It would allow funds in the Beach Restoration Special Fund to be used to acquire property. **The Department of Land and Natural Resources (Department) supports the bill, and requests one amendment.**

Hawai'i Revised Statutes (HRS) §171-156 established the Beach Restoration Special Fund in order to plan, design, and implement beach and dune restoration projects. It is managed by the Department's Office of Conservation and Coastal Lands (OCCL). OCCL currently prioritizes small-scale, community-led efforts, and is currently assisting with projects on O'ahu, Kaua'i, Maui, and Kaho'olawe.

OCCL is in the process of building capacity for community-based dune restoration through a partnership with the University of Hawai'i's Sea Grant program. An increase in funding would accelerate this process.

The Department would prefer that the reference to the Beach Fund acquiring property be struck (page 4, line 14). Land acquisition is capital intensive, and the acquisition of a single coastal parcel could absorb years of revenue. The Beach Fund would be at risk of becoming a land bank rather than a beach restoration tool.

Mahalo for the opportunity to comment 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'  
**DEPARTMENT OF TAXATION**

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 3031, Relating to the Conveyance Tax.

**BEFORE THE:**

Senate Committee on Water, Land, Culture and the Arts

**DATE:** Friday, February 6, 2026

**TIME:** 1:00 p.m.

**LOCATION:** State Capitol, Room 224

Chair Lee, Vice-Chair Inouye, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 3031 for your consideration.

Section 2 of S.B. 3031 amends section 171-156, Hawaii Revised Statutes (HRS), adding a new funding provision to the Beach Restoration Special Fund (BRSF) based on conveyance taxes collected with respect to any transfer or conveyance of real property, or an interest in the property, which is located in whole or in part within the sea level rise exposure area designated by the Hawaii climate mitigation and adaption commission.

Section 3 of the bill amends section 247-7, HRS, regarding the disposition of conveyance taxes, directing that all revenues collected from the transfer or conveyance of real property, or interests in the property, that are located as noted under section 171-156, will be paid into the BRSF.

This act will take effect upon approval.

DOTAX recommends an effective date of January 1, 2027, to allow time for form and instruction updates and informing taxpayers.

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

# HAWAI'I OCEAN LEGISLATIVE TASK FORCE



February 6, 2026

Hawai'i State Legislature  
Senate Committee on Water, Land, Culture and the Arts

Re: Testimony in SUPPORT for SB 3031, Relating to the Conveyance Tax

Aloha Chair Lee, Vice Chair Inouye, and esteemed members of the committee,

The Ocean Legislative Task Force—a coalition of more than 150 individuals across over 20 organizations statewide—supports SB 3031, relating to the conveyance tax.

SB 3031 would dedicate conveyance tax revenues collected from the transfer of real property located wholly or partially in state-designated sea level rise exposure areas to the Beach Restoration Special Fund and expand the allowable uses of that fund to include the acquisition of vulnerable coastal property for long-term resilience and protection. This investment would support beach restoration, dune and coastal habitat enhancement, and other shoreline management projects that further sound coastal zone management objectives and public trust responsibilities.

Beaches, dunes, and coastal habitats are integral to Hawai'i's cultural, ecological, and economic well-being. Yet accelerating sea level rise, coastal erosion, and more frequent high-intensity storms are eroding shoreline areas statewide, degrading public access and compromising nearshore ecosystems. Creating a dedicated, predictable funding stream tied to conveyance tax revenues helps ensure that community-driven restoration, hazard mitigation, and proactive coastal management efforts can be reliably planned and implemented at the scale necessary.

Importantly, authorizing the Beach Restoration Special Fund to acquire at-risk coastal property empowers state and county partners to pursue strategic property purchases where appropriate, helping reduce future disaster costs, improve public access, and protect critical natural infrastructure from loss.

For these reasons, the Ocean Legislative Task Force urges the committee to support SB 3031 and advance this measure that strengthens Hawai'i's coastal resilience and stewardship.

Mahalo for the opportunity to testify on this important measure.

*The Hawai'i Ocean Legislative Task Force advocates for measures that advance cesspool conversion and wastewater management, protect Hawai'i's coral reefs and reef fish, ensure transparent and sustainable implementation of the Green Fee program and long-term environmental staffing, and support other measures that strengthen Hawai'i's coastal and marine ecosystems.*

*The Hawai'i Ocean Legislative Task Force advocates for measures that advance cesspool conversion and wastewater management, protect Hawai'i's coral reefs and reef fish, ensure transparent and sustainable implementation of the Green Fee program and long-term environmental staffing, and support other measures that strengthen Hawai'i's coastal and marine ecosystems.*

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# TAX FOUNDATION OF HAWAII

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735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: CONVEYANCE; Natural Resource Protection; Beach Restoration Special Fund Earmark

BILL NUMBER: SB 3031

INTRODUCED BY: LEE, C.

EXECUTIVE SUMMARY: Requires that all conveyance tax revenues collected from the conveyance or transfer of real property located in whole or in part in a sea level rise exposure area be deposited into the Beach Restoration Special Fund. Allows funds in the Beach Restoration Special Fund to be used to acquire property.

SYNOPSIS: Amends section 247-7, HRS, to add the following earmark to the conveyance tax: “All revenues derived from any transfer or conveyance of real property, or any interest therein, that is located in whole or in part within the sea level rise exposure area, as designated by the Hawaii climate change mitigation and adaptation commission or its successor, shall be paid into the beach restoration special fund established by section 171-156.”

Makes a conforming amendment to section 171-156, HRS.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This measure increases the earmarking of conveyance tax revenue with a new earmark to the beach restoration special fund.

Special funds are pots of money that exist for a specific purpose and largely bypass the legislative appropriation process. The existence of hundreds of these special funds has often confounded those who seek answers to simple questions like “How much money does the State have?”

Our Legislature is supposed to be the steward of all state moneys, but special funds make it very easy to lose track of where the money is and how it is being spent. Departments are supposed to tell the Legislature if they have special funds and how much is in them, but let’s just say they don’t always. Recently, in Report No. 20-01, the State Auditor took DBEDT to task for failing to report \$6.5 million in non-general fund moneys. DBEDT’s response? Just that they’ll “take corrective action.” This followed closely on the heels of Report No. 19-16, where the Auditor found that \$1.04 million in non-general fund moneys administered by the Attorney General wasn’t reported. That department responded that they “shall establish procedures to assure required reports are issued.” Is it any wonder that it’s getting harder and harder to follow the money and rein in government spending?

Perhaps as the result of the foregoing concerns, the Legislature has itself established criteria for when a special fund may be maintained (HRS section 37-52.3). Those criteria are that the special fund:

(1) Serves a need, as demonstrated by:

(A) The purpose of the program to be supported by the fund;

(B) The scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and

(C) An explanation of why the program cannot be implemented successfully under the general fund appropriation process;

(2) Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries or a clear link between the program and the sources of revenue, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;

(3) Provides an appropriate means of financing for the program or activity that is used only when essential to the successful operation of the program or activity; and

(4) Demonstrates the capacity to be financially self-sustaining.

Here, there is no indication that the beach restoration special fund is or can be financially self-sustaining. Furthermore, the activity sought to be funded appears to be a core function of the DLNR. There is no explanation of why beach restoration cannot be funded out of general appropriations as it is now. This special fund is thus inappropriate, as is the proposed method of financing the fund.

Furthermore, with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so 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 too little or too much revenue has been diverted from other priorities in the state budget.

Digested: 2/4/2026



**LATE**

February 6, 2026

Senate Committee on Water, Land, Culture and the Arts  
Hawai'i State Legislature  
Via Electronic Transmission

Re: Testimony in SUPPORT of SB3031, Relating to Conveyance Tax  
Hearing: Friday, February 6, 2026, 1:00 PM CR 224 & Via Videoconference

To: The Honorable Chair Lee, Vice Chair Inouye, and Members of the Committee

**Surfrider Foundation Hawai'i Region strongly supports Senate Bill 3031**, which establishes a dedicated funding stream for beach restoration and coastal resilience by directing conveyance tax revenues from shoreline-vulnerable properties into the State's Beach Restoration Special Fund and expanding allowable uses of the fund to include shoreline acquisition.

Surfrider Foundation is a grassroots environmental organization dedicated to protecting Hawai'i's oceans, waves, and beaches. Our chapters on Maui, Kaua'i, and O'ahu are directly engaged in addressing coastal erosion, shoreline armoring, and threats to public beach access. As an entirely coastal state, Hawai'i is on the front lines of coastal erosion and climate change related impacts with our coastal communities, infrastructure, and ecosystems increasingly threatened by sea level rise, erosion, and flooding. From this work, it is clear that accelerating beach loss, driven by shoreline armoring, dense coastal development, and sea level rise, is undermining beach access and public trust resources.

SB3031 appropriately recognizes that current regulatory and fiscal tools are inadequate to address these impacts and provides a path forward to meaningfully improve coastal resilience. The bill requires that 100% of conveyance tax revenues from real property located wholly or partially within designated sea level rise exposure areas be deposited into the Beach Restoration Special Fund, rather than the general fund, while preserving existing allocations for properties outside those areas. This creates a fair, stable, and targeted funding mechanism aligned with coastal risk.

This measure provides an essential revenue stream to the Beach Restoration Special Fund to support beach restoration, dune and coastal habitat enhancement, shoreline management projects, and the State's ability to meet its public trust obligations. SB3031 also authorizes the Beach Restoration Special Fund to be used for acquiring at-risk coastal property, giving the

State and counties flexibility to make strategic purchases that protect beaches, improve public access, and reduce long-term disaster costs.

By creating a stable funding source and expanding how the fund can be used, SB3031 supports proactive, long-term beach preservation rather than reactive fixes.

Thank you for the opportunity to submit testimony in strong support of SB3031 on behalf of Surfrider Foundation's three Hawai'i chapters and members statewide.

Sincerely,

Hanna Lilley  
Hawai'i Regional Manager  
Surfrider Foundation

**SB-3031**

Submitted on: 2/3/2026 1:33:27 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ellen Carson	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill, which seeks to divert conveyance tax revenues to replenish beachfront properties of some of Oahu's most wealthy property owners and investors. In doing so, it would deprive the rental housing revolving fund of revenues dedicated to help provide affordable housing for those most in need on our island. This creates even more impediments for our efforts to address our housing crisis. please vote no on this bill.

**SB-3031**

Submitted on: 2/3/2026 11:43:45 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lauren Buck	Individual	Support	Written Testimony Only

Comments:

**Aloha Chair Lee, Vice Chair Inouye, and esteemed members of the committee. I am writing in support of SB3031, relating to the conveyance tax. This measure requires conveyance tax revenue to be set aside into a special fund for the purpose of beach restoration.**

**With sea levels rising, coastal communities are in danger of flooding and other hazards due to an increased exposure to deteriorating shorelines. Not only does this impact the resident's homes, but also public structures and recreational areas. Without adequate funding, individuals and organizations are unable to properly implement restorative projects to address beach loss and its associated impacts. As a community member with friends and family who are impacted by the erosion of our seawalls and coasts, I believe it to be in our best interest to direct tax revenue towards supporting beach restoration and coastal management projects. By establishing the beach restoration special fund, we would be taking a necessary step toward advancing climate adaptation and ensuring the safety and protection of the community.**

**Mahalo for the opportunity to testify on this measure.**

**SB-3031**

Submitted on: 2/4/2026 2:25:08 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Maureen Brock	Individual	Support	Written Testimony Only

Comments:

I support SB3031.

**SB-3031**

Submitted on: 2/4/2026 3:45:11 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
arleen velasco	Individual	Support	Written Testimony Only

Comments:

Oahu is dealing with sea level rise in real time. In the past few years, two homes have fallen into the sea with all their debris, household chemicals and cesspools and another home was demolished due to damage done by the ocean. The homes that fell into the ocean created a crisis and emergency action was required and taken. Reacting to a crisis that is predictable rather than taking corrective action so that a crisis never occurs is the best course of action for the good of the public and health of our oceans. The state needs funds to start procuring properties that are at high risk of collapsing. Hawai'i can show the world how proactive governance can prevent disasters and protect our environment. Please support his bill.

**SB-3031**

Submitted on: 2/4/2026 9:26:50 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jessica Kai Paisley	Individual	Support	Written Testimony Only

Comments:

I strongly feel this bill offers a proactive legislative solution towards protecting Hawai'i's beaches.

This bill would not create any new tax, but its redirection can help to save Hawai'i's heavily used public beaches for enjoyment by future generations. Hawai'i's beaches are central to our culture, economy and way of life, and it is always worth it to protect them!

Mahalo for the opportunity to submit testimony.

**SB-3031**

Submitted on: 2/4/2026 7:12:37 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Denise E Antolini	Individual	Support	Remotely Via Zoom

Comments:

Aloha WLA Chair Lee, Vice Chair Inouye, and Members,

**I strongly support SB3031**, which would provide substantial new funding to the State Beach Restoration Special Fund by redirecting conveyance tax from sales of SLR-XA properties into the fund, and allowing as a new purpose of the fund the acquisition of properties.

A researcher at the University has calculated some preliminary revenue estimates from the conveyance tax at different sea level rise (SLR) depths (exposure areas - XA) in 2024 dollars:

- SLR 0.5 ft: \$5,860,000 annually
- SLR 1.1 ft: \$6,340,000 annually
- SLR 2.0 ft: \$7,180,000 annually
- SLR 3.2 ft: \$10,440,000 annually

This is not a new tax. This is not an increase in taxes. This bill redirects the conveyance tax from sellers/buyers who must already pay the tax in the SLRXA zone into logically connected purposes - the future protection of that beach zone in the public interest.

Accordingly, this bill is the key first step -- without any new funding or new taxes -- that could solve the policy and funding gridlock preventing substantial investment in beach restoration and even potential government acquisition of properties.

SB3031 is the critical first step to a long-term solution. Please support the bill.

Mahalo,

Denise Antolini

Pūpūkea resident

Member, Protect Paumalū

**SB-3031**

Submitted on: 2/5/2026 11:37:52 AM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael W Schwartz	Individual	Support	Written Testimony Only

Comments:

As a physician and owner of a home located adjacent to the Moloa'a stream where it empties into Moloa'a Bay, I am deeply concerned by both the off-the-charts level of fecal contamination affecting the stream (and presumably the bay) and the markedly decreased rate of flow of the stream in our area, such that portions of the stream are transforming into a marsh. I will add that last fall, I developed a strange and unexpected skin infection after swimming in the bay near to where it is joined by the Moloa'a stream. I therefore strongly support any and all measures taken to preserve the health of the Moloa'a stream and Moloa'a bay.

**LATE**

**SB-3031**

Submitted on: 2/5/2026 8:43:53 PM

Testimony for WLA on 2/6/2026 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael Becker	Individual	Support	Written Testimony Only

Comments:

I support this legislation.