
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The legislature finds that lands utilized by
3 the department of Hawaiian home lands to provide housing for
4 native Hawaiians are offered at affordable rates when compared
5 to similar housing available in Hawaii. The purpose of this
6 part is to exempt any housing development for the department of
7 Hawaiian home lands from general excise taxes.

8 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§237- Exemptions for any housing development for the
12 department of Hawaiian home lands. (a) This chapter shall not
13 apply to gross proceeds of sale or gross income from the
14 planning, design, financing, or construction of any development
15 of homestead lots or creation of new housing units for the
16 department of Hawaiian home lands as provided in this section.



1 (b) The exemption eligibility shall be approved or denied
2 by the department of Hawaiian home lands and shall apply to the
3 amounts derived by any qualified person or firm from a newly
4 constructed or moderately or substantially rehabilitated project
5 that is developed where new units are created and is:

6 (1) For the department of Hawaiian home lands;

7 (2) Under a government assistance program approved by the
8 department of Hawaiian home lands;

9 (3) Under the sponsorship of a nonprofit organization
10 providing home rehabilitation or new homes for
11 qualified families in need of decent, low-cost
12 housing; or

13 (4) To provide affordable rental housing where at least
14 fifty per cent of the available units are for
15 households with incomes at or below eighty per cent of
16 the area median family income as determined by the
17 United States Department of Housing and Urban
18 Development.

19 (c) All claims for exemption under this section shall be
20 filed with and certified by the department of Hawaiian home
21 lands and forwarded to the department of taxation. Any claim



1 for exemption that is filed and approved shall not be considered
2 a subsidy.

3 (d) The department of Hawaiian home lands may establish,
4 revise, charge, and collect a reasonable service fee in
5 connection with its approvals and certifications of the
6 exemption under this section. The fees shall be deposited into
7 the Hawaiian home operating fund pursuant to section 213(e) of
8 the Hawaiian Homes Commission Act, 1920, as amended.

9 (e) For purposes of this section:

10 "Homestead lot" means a lot of residential, agricultural,
11 or pastoral use to be awarded pursuant to the Hawaiian Homes
12 Commission Act, 1920, as amended, including but not limited to
13 on- and off-site infrastructure requirements, appurtenances, and
14 dwelling units.

15 "Moderate rehabilitation" means rehabilitation to upgrade a
16 dwelling unit to a decent, safe, and sanitary condition, or to
17 repair or replace major building systems or components in danger
18 of failure.

19 "Qualified person or firm" means any individual,
20 partnership, joint venture, corporation, association, limited
21 liability partnership, limited liability company, business,



1 trust, or any organized group of persons or legal entities, or
2 any combination thereof, that possesses all professional or
3 vocational licenses necessary to do business in the State in
4 conjunction with the planning, design, financing, and
5 construction, including materials and supplies for new
6 construction, moderate rehabilitation, and substantial
7 rehabilitation; sale; or rental of projects under the
8 sponsorship of the department of Hawaiian home lands.

9 "Substantial rehabilitation" means the improvement of a
10 property to a decent, safe, and sanitary condition that requires
11 more than routine or minor repairs or improvements.

12 "Substantial rehabilitation" may include but is not limited to
13 the gutting and extensive reconstruction of a dwelling unit, or
14 cosmetic improvements coupled with the curing of a substantial
15 accumulation of deferred maintenance and includes renovation,
16 alteration, or remodeling to convert or adapt structurally sound
17 property to the design and condition required for a specific
18 use, such as conversion of a hotel to housing for elders."

19 SECTION 3. Section 238-3, Hawaii Revised Statutes, is
20 amended by amending subsection (j) to read as follows:



- 1 (1) Any form of housing permanently excluding school-aged
- 2 children, with the necessary covenants or declarations
- 3 of restrictions recorded on the property;
- 4 (2) Any form of housing that is or will be paying the
- 5 transient accommodations tax under chapter 237D;
- 6 (3) All nonresidential development;
- 7 (4) Any development with an executed education
- 8 contribution agreement or other like document with the
- 9 authority or the department for the contribution of
- 10 school sites or payment of fees for school land or
- 11 school construction; and
- 12 (5) Any form of housing developed where new housing units
- 13 are created by the department of Hawaiian home lands
- 14 for use by beneficiaries of the Hawaiian Homes
- 15 Commission Act, 1920, as amended."

16 SECTION 6. Act 197, Session Laws of Hawaii 2021, is
 17 amended by amending section 6 to read as follows:

18 "SECTION 6. This Act shall take effect upon its approval[+]
 19 ~~provided that on July 1, 2024, section 1 of this Act shall be~~
 20 ~~repealed and section 302A-1603(b), Hawaii Revised Statutes,~~



1 ~~shall be reenacted in the form in which it read on the day prior~~
2 ~~to the effective date of this Act]."~~

3 PART III

4 SECTION 7. The purpose of this part is to correct the
5 lapse date for the appropriation under Act 279, Session Laws of
6 Hawaii 2022, and to appropriate funds for the purposes of Act
7 279, Session Laws of Hawaii 2022, for the current fiscal year.

8 SECTION 8. Act 279, Session Laws of Hawaii 2022, is
9 amended by amending section 6 to read as follows:

10 "SECTION 6. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$600,000,000 or so
12 much there of as may be necessary for fiscal year 2021-2022 for
13 the purposes of this Act; provided that any moneys not expended
14 or encumbered for specific purposes shall lapse to the general
15 fund on June 30, [~~2025-~~] 2023.

16 The sum appropriated shall be expended by the department of
17 Hawaiian home lands for the purposes of this Act."

18 SECTION 9. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2023-2024 for
21 the purposes of Act 279, Session Laws of Hawaii 2022; provided



1 that any moneys not encumbered for specific purposes shall lapse
2 to the general fund on June 30, 2025.

3 The sums appropriated shall be expended by the department
4 of Hawaiian home lands for the purposes of Act 279, Session Laws
5 of Hawaii 2022.

6 PART IV

7 SECTION 10. Section 46-15.1, Hawaii Revised Statutes, is
8 amended by amending subsection (b) to read as follows:

9 "(b) Each county shall recognize housing units developed
10 by the department of Hawaiian home lands and issue affordable
11 housing credits to the department of Hawaiian home lands~~[]~~ for
12 development where new housing units are created. The credits
13 shall be transferable and shall be issued on a one-credit for
14 one-unit basis, unless the housing unit is eligible for
15 additional credits as provided by adopted county ordinances,
16 rules, or any memoranda of agreement between a county and the
17 department of Hawaiian home lands. In the event that credits
18 are transferred by the department of Hawaiian home lands,
19 twenty-five per cent of any monetary proceeds from the transfer
20 shall be used by the department of Hawaiian home lands to
21 develop units for rental properties. Credits shall be issued



1 for each single-family residence, multi-family unit, other
2 residential unit, whether for purposes of sale or rental, or if
3 allowed under the county's affordable housing programs, vacant
4 lot, developed by the department of Hawaiian home lands. The
5 credits may be applied county-wide within the same county in
6 which the credits were earned to satisfy affordable housing
7 obligations imposed by the county on market-priced residential
8 and non-residential developments. County-wide or project-
9 specific requirements for housing class, use, or type; or
10 construction time for affordable housing units shall not impair,
11 restrict, or condition the county's obligation to apply the
12 credits in full satisfaction of all county requirements, whether
13 by rule, ordinance, or particular zoning conditions of a
14 project. Notwithstanding any provisions herein to the contrary,
15 the department may enter into a memorandum of agreement with the
16 county of Kauai to establish, modify, or clarify the conditions
17 for the issuance, transfer, and redemption of the affordable
18 housing credits in accordance with county affordable housing
19 ordinances or rules. Notwithstanding any provisions herein to
20 the contrary, the department may enter into a memorandum of
21 agreement with the city and county of Honolulu to establish,



1 modify, or clarify the conditions for the issuance, transfer,
2 and redemption of the affordable housing credits in accordance
3 with county affordable housing ordinances or rules. At least
4 half of the affordable housing credits issued by the city and
5 county of Honolulu shall be subject to a memorandum of agreement
6 pursuant to this subsection.

7 For purposes of this section, "affordable housing
8 obligation" means the requirement imposed by a county,
9 regardless of the date of its imposition, to develop vacant
10 lots, single-family residences, multi-family residences, or any
11 other type of residence for sale or rent to individuals within a
12 specified income range."

13 SECTION 11. Act 141, Session Laws of Hawaii 2009, as
14 amended by section 3 of Act 102, Session Laws of Hawaii 2015, as
15 amended by section 1 of Act 80, Session laws of Hawaii 2019, is
16 amended by amending section 3 to read as follows:

17 "SECTION 3. This Act shall take effect on July 1, 2009[
18 ~~provided that on June 30, 2024, this Act shall be repealed and~~
19 ~~section 46-15.1, Hawaii Revised Statutes, shall be reenacted in~~
20 ~~the form in which it read on the day before the approval of this~~
21 ~~Act]."~~



1 SECTION 12. Act 98, Session Laws of Hawaii 2012, as
2 amended by section 4 of Act 102, Session Laws of Hawaii 2015, as
3 amended by section 50 of Act 55, Session Laws of Hawaii 2016, as
4 amended by section 2 of Act 80, Session Laws of Hawaii 2019, is
5 amended by amending section 3 to read as follows:

6 "SECTION 3. This Act shall take effect upon its approval[
7 and shall be repealed on July 1, 2024; provided that section 46-
8 15.1, Hawaii Revised Statutes, shall be reenacted pursuant to
9 section 3 of Act 141, Session Laws of Hawaii 2009, and section
10 23 of Act 96, Session Laws of Hawaii 2014]."

11 PART V

12 SECTION 13. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 14. This Act shall take effect on July 1, 3000.

15



Report Title:

Department of Hawaiian Home Lands; Housing Development; General Excise Tax Exemption; School Impact Fee Exemption; Affordable Housing Credits; Appropriation

Description:

Exempts any housing development for the department of Hawaiian home lands from general excise tax and school impact fee requirements. Makes permanent the exemption of housing developed where new housing units are created by the department of Hawaiian home lands from school impact fee requirements. Lapses the appropriation provided under Act 279, SLH 2022, and appropriates funds for the purposes of Act 279, SLH 2022 for the current fiscal year. Makes permanent the issuance of county affordable housing credits to the department of Hawaiian home lands. Effective 7/1/3000. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

