
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that homestead lots or
2 housing developed for the department of Hawaiian home lands
3 awarded to native Hawaiians are offered at affordable rates when
4 compared to similar housing opportunities available in Hawaii.
5 The purpose of this Act is to exempt any development of
6 homestead lots or housing for the department of Hawaiian home
7 lands from general excise and use 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 development of homestead lots
12 or housing for the department of Hawaiian home lands. (a) This
13 chapter shall not apply to gross proceeds of sale or gross
14 income arising from the planning, design, financing, or
15 construction of any development of homestead lots or housing for
16 the department of Hawaiian home lands as provided in this
17 section.



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

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 by the



1 claimant. Any claim for exemption that is filed and approved
2 shall not be considered 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.

8 (e) The director of taxation and the department of
9 Hawaiian home lands shall adopt rules pursuant to chapter 91 for
10 the purpose of this section, including any time limitations for
11 the exemptions.

12 (f) For purposes of this section:

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

18 "Moderately rehabilitated" means:

19 (1) Rehabilitation to upgrade a dwelling unit to a decent,
20 safe, and sanitary condition; or



1 (2) Repair or replacement of major building systems or
2 components in danger of failure.

3 "Substantially rehabilitated" means the improvement of a
4 property to a decent, safe, and sanitary condition that requires
5 more than routine or minor repairs or improvements. It may
6 include but shall not be limited to:

7 (1) The gutting and extensive reconstruction of a dwelling
8 unit;

9 (2) Cosmetic improvements coupled with the curing of a
10 substantial accumulation of deferred maintenance; or

11 (3) The renovation, alteration, or remodeling to convert
12 or adapt structurally sound property to the design and
13 condition required for a specific use, such as
14 conversion of a hotel to housing for elders."

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

17 "(j) The tax imposed by this chapter shall not apply to
18 any use of property, services, or contracting exempted by
19 section 237-26 [~~ex~~], section 237-29 [~~-~~], or section 237-."

20 SECTION 4. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on January 1, 2024.



Report Title:

Department of Hawaiian Home Lands; General Excise Tax Exemption;
Use Tax Exemption

Description:

Exempts gross income from the planning, design, financing, or construction of any development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes. (SD1)

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