
A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

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

1 SECTION 1. The purpose of this Act is to encourage the
2 development of affordable rental housing units by providing an
3 exemption from the general excise tax for the development of
4 affordable housing projects.

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

8 "§237- Affordable housing development exemption. (a)
9 There shall be an exemption from the taxes imposed by this
10 chapter for the development of affordable housing. The Hawaii
11 housing finance and development corporation may certify for
12 exemption any qualified person involved with the planning,
13 design, financing, construction, or marketing of affordable
14 housing units developed by a private developer upon receipt of
15 an application; provided that in the case of projects involving
16 the development of market-price as well as affordable housing
17 units, the exemption under this section shall apply exclusively



1 to the units developed as affordable housing units as defined in
2 subsection (e).

3 (b) All claims for exemption shall be filed with and
4 certified by the Hawaii housing finance and development
5 corporation and forwarded to the department of taxation. The
6 Hawaii housing finance and development corporation shall not be
7 considered a governmental contracting party when it approves any
8 claim for exemption for the purposes of section 104-2.

9 (c) The exemption under this section shall apply to all
10 amounts received by any certified person for the planning,
11 design, financing, construction, or marketing in the State of
12 affordable housing units as described in subsection (a), and on
13 which actual construction has started between July 1, 2007, and
14 December 31, 2008, and which is completed by June 30, 2010, as
15 verified by the Hawaii housing finance and development
16 corporation; provided that the exemption shall not be applied
17 until verification by the Hawaii housing finance and development
18 corporation has been completed; provided further that in the
19 event that the developer is delayed or hindered from completing
20 the project by reason of floods, earthquakes (or other acts of
21 nature), strikes, lockouts, inability to procure materials,
22 electrical power failures, riots, insurrection, war, civil or



1 criminal proceedings, injunctions, writs, appeals, stays, or
2 other reason of a like nature, that is not the fault of, or
3 capable of being prevented by the developer, then the June 30,
4 2010 completion deadline may be extended for a period equivalent
5 to the period of the delay. In the event of a delay, the
6 developer shall submit verification of the date of commencement
7 as well as the date of cessation of any of the delaying events,
8 to the Hawaii housing finance and development corporation for
9 verification.

10 (d) The exemption shall apply only to projects containing
11 the first two thousand five hundred affordable housing units
12 that are certified and completed by June 30, 2010. The amount
13 of the exemption shall not exceed \$4,000 in taxes exempted per
14 affordable housing unit.

15 (e) For the purposes of this section:

16 "Actual construction" means the date that the first permit
17 is issued for the development of the project, including permits
18 for off-site improvements that may be required by the county
19 zoning or land use agency.

20 "Affordable housing units" means housing units that are
21 sold or rented at rates affordable to households earning up to
22 one hundred forty per cent of the area median income as



1 determined by the United States Department of Housing and Urban
2 Development.

3 "Completion" means the date of the notice of completion for
4 the affordable housing unit or the building or buildings that
5 the affordable housing unit is located within.

6 (f) The provisions of this section shall apply to property
7 subject to chapter 238."

8 SECTION 3. Section 201H-36, Hawaii Revised Statutes, is
9 amended by amending subsections (a) and (b) to read as follows:

10 "(a) In accordance with section 237-29, the corporation
11 may approve and certify for exemption from general excise taxes
12 any qualified person or firm involved with [a] the planning,
13 design, financing, construction, or marketing of a proposed
14 newly constructed, or moderately or substantially rehabilitated
15 project:

16 (1) Developed under this part;

17 (2) Developed under a government assistance program
18 approved by the corporation, including but not limited
19 to the United States Department of Agriculture 502
20 program and Federal Housing Administration 235
21 program;



1 (3) Developed under the sponsorship of a private nonprofit
2 organization providing home rehabilitation or new
3 homes for qualified families in need of decent, low-
4 cost housing; or

5 (4) Developed by a qualified person or firm to provide
6 affordable rental housing where at least fifty per
7 cent of the available units are for households with
8 incomes at or below eighty per cent of the area median
9 family income as determined by the United States
10 Department of Housing and Urban Development, of which
11 at least twenty per cent of the available units are
12 for households with incomes at or below sixty per cent
13 of the area median family income as determined by the
14 United States Department of Housing and Urban
15 Development.

16 (b) All claims for exemption under this section shall be
17 filed with and certified by the corporation and forwarded to the
18 department of taxation. Any claim for exemption that is filed
19 and approved, shall not be considered a subsidy for the purpose
20 of this part. The corporation shall not be considered a
21 contracting party when it approves any claim for exemption for
22 the purposes of section 104-2."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Affordable Housing; Exemption from General Excise Tax

Description:

Exempts affordable housing projects from the general excise tax.
(HB948 HD1)

