
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that Hawaii faces a
2 historical and growing shortage of housing units and rapidly
3 rising rents, presenting a serious problem for a substantial
4 portion of Hawaii residents who live in residential housing.
5 Moreover, rent increases are exacerbated by speculation in the
6 purchase and sale of existing residential housing units by local
7 and foreign real estate and development investors.

8 The legislature further finds that rent increases escalate
9 rates of homelessness in the State, and Hawaii now leads the
10 country in the number of individuals and families that are
11 unsheltered. Data indicates that approximately 262,000 people
12 in Hawaii, or twenty-five per cent of the State's population,
13 are at risk for homelessness.

14 The housing shortage and speculative nature of the real
15 estate industry present a clear and imminent threat to the
16 public health and welfare of Hawaii's residents, especially the
17 poor, minorities, students, young families, and senior citizens.
18 Therefore, the purpose of this Act is to alleviate the hardship



1 faced by individuals and families living in residential housing
2 by creating a tax incentive for landlords who provide rental
3 units for persons earning below eighty per cent of the area
4 median income.

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- Exemption for rental income; affordable rental**
9 **units.** (a) All gross income received by a qualified owner or
10 lessor of a residential dwelling unit that has been leased to an
11 eligible low-income household, with income at or below eighty
12 per cent of the area median income as determined by the United
13 States Department of Housing and Urban Development, and
14 certified or approved under section 356D- shall be exempt from
15 general excise taxes.

16 (b) The director of taxation and the Hawaii public housing
17 authority shall adopt rules pursuant to chapter 91 for the
18 purpose of this section, including any time limitation for the
19 exemptions."



SECTION 3. Chapter 356D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§356D- Exemption from general excise taxes. (a) In accordance with section 237- , the authority may approve and certify for exemption from general excise taxation any qualified owner or lessor who receives gross income from the leasing of a residential dwelling unit to an eligible low-income household.

(b) All claims for exemption under this section shall be filed with and certified by the authority and forwarded to the department of taxation.

(c) The authority may establish, revise, charge, and collect a reasonable service fee, as necessary, in connection with its approvals and certifications under this section."

SECTION 4. New statutory material is underscored.

SECTION 5. This Act, upon its approval, shall apply to gross income or gross proceeds received after June 30, 2015.



Report Title:

Tax Incentive; Low-income Rental Units

Description:

Establishes a general excise tax exemption for a qualified owner or lessor who leases a residential dwelling to a low-income household earning below eighty per cent of the area median income. Requires the director of taxation and Hawaii public housing authority to adopt rules. Requires claims for exemption to be filed with and certified by the Hawaii public housing authority and forwarded to the department of taxation. (SD1)

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

