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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

1       SECTION 1. Section 201H-36, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3       "(a) In accordance with section 237-29, the corporation  
4 may approve and certify for exemption from general excise taxes  
5 any qualified person or firm involved with a newly constructed,  
6 or moderately or substantially rehabilitated project:

7       (1) Developed under this part;

8       (2) Developed under a government assistance program  
9 approved by the corporation, including but not limited  
10 to the United States Department of Agriculture 502  
11 program and Federal Housing Administration 235  
12 program;

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

17       (4) Developed by a qualified person or firm to provide  
18 affordable rental housing where at least fifty per

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1 cent of the available units are for households with  
2 incomes at or below eighty per cent of the area median  
3 family income as determined by the United States  
4 Department of Housing and Urban Development, of which  
5 at least twenty per cent of the available units are  
6 for households with incomes at or below sixty per cent  
7 of the area median family income as determined by the  
8 United States Department of Housing and Urban  
9 Development; or

10 (5) Effective for projects approved or certified from July  
11 1, 2018, to June 30, ~~[2022,~~ 2026, developed under a  
12 contract described in section 104-2(i)(2) by a  
13 qualified person or firm to provide newly constructed  
14 affordable rental housing; provided that[÷

15 ~~(A) The allowable general excise tax and use tax~~  
16 ~~costs shall apply to contracting only and shall~~  
17 ~~not exceed \$7,000,000 per year in the aggregate~~  
18 ~~for all projects approved and certified by the~~  
19 ~~corporation; and~~

20 ~~(B) All]~~ all available units are for households with  
21 incomes at or below one hundred forty per cent of the  
22 area median family income as determined by the United

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1 States Department of Housing and Urban Development, of  
2 which at least twenty per cent of the available units  
3 are for households with incomes at or below eighty per  
4 cent of the area median family income as determined by  
5 the United States Department of Housing and Urban  
6 Development~~[;]~~; provided further, that an owner cannot  
7 refuse to lease a unit in the project to a qualified  
8 applicant because the applicant holds a voucher or  
9 certificate of eligibility under section 8 of the  
10 United States Housing Act of 1937."

11 SECTION 2. Act 54, Session Laws of Hawaii 2017, is amended  
12 by amending section 5 to read as follows:

13 "SECTION 5. This Act shall take effect on July 1, 2017,  
14 and shall ~~[be repealed on June 30, 2022; provided that:]~~

15 ~~(1) Section ]~~ not apply to projects certified or approved  
16 after June 30, 2026; provided that section 3 of this  
17 Act shall apply to taxable years beginning after  
18 December 31, 2017~~[; and~~

19 ~~(2) Section 104-2, Hawaii Revised Statutes, and section~~  
20 ~~201H-36, Hawaii Revised Statutes, shall be reenacted~~  
21 ~~in the form in which they read on the day before the~~  
22 ~~effective date of this Act]."~~

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1       SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 4. This Act, upon its approval, shall take effect  
4 on July 1, 2018.

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INTRODUCED BY: \_\_\_\_\_



7

BY REQUEST

JAN 22 2018

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**Report Title:**

Rental Housing Projects; General Excise Tax Exemption; Section 8 Housing Choice Vouchers

**Description:**

Expands and extends to June 30, 2026, the certification for exemption from general excise tax and use tax costs for certain rental housing projects pursuant to section 201H-36(a)(5), Hawaii Revised Statutes, to include affordable rents. Requires said project owners to accept Section 8 Housing Choice Vouchers as a condition of certification.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: To expand the general excise tax exemption for projects developed under a contract described in section 201H-2(i)(2), Hawaii Revised Statutes (HRS), to include affordable rents, remove the per annum cap on such exemptions, to extend the sunset date of Act 54, Session Laws of Hawaii (SLH) 2017, from June 30, 2022, to June 30, 2026, and to require certified projects to accept Section 8 Housing Choice Vouchers.

MEANS: Amend section 201H-36(a), HRS, and section 5 of Act 54, SLH 2017.

JUSTIFICATION: The Special Action Team on Affordable Rental Housing has determined that additional incentives are needed to spur on rental housing development to meet the considerable demand. Expanding the general excise tax exemption created in Act 54, SLH 2017, to include affordable rents, will spur on developers to start their developments immediately, to take advantage of the exemption before it sunsets.

Adding a requirement that certified project owners cannot refuse to accept Section 8 Housing Choice Voucher applicants due to their status as voucher holders will assist low-income households in finding affordable rental housing, and will also help increase Section 8 program utilization statewide.

Impact on the public: Will help expedite rental housing development.

Impact on the department and other agencies: Minimal.

GENERAL FUND: Indeterminate.

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OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED 160.

OTHER AFFECTED  
AGENCIES: Department of Taxation.

EFFECTIVE DATE: July 1, 2018.