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

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

10 "§237- Exemptions for any housing development for the
11 department of Hawaiian home lands. (a) There shall be exempted
12 from the measure of the taxes imposed by this chapter, all gross
13 proceeds arising from the planning, design, financing, or
14 construction of any housing development by the department of
15 Hawaiian home lands as provided in this section.

16 (b) The exemption shall be approved by the department of
17 Hawaiian home lands and shall apply to the gross income derived



1 by any qualified person from a newly constructed or a moderately
2 or substantially rehabilitated project that is developed:

3 (1) Under a government assistance program approved by the
4 department of Hawaiian home lands;

5 (2) Under the sponsorship of a nonprofit organization
6 providing home rehabilitation or new homes for
7 qualified families in need of decent, low-cost
8 housing;

9 (3) To provide affordable rental housing where at least
10 fifty per cent of the available units are for
11 households with incomes at or below eighty per cent of
12 the area median family income as determined by the
13 United States Department of Housing and Urban
14 Development; or

15 (4) By contract or project developer agreement to provide
16 affordable housing through new construction or
17 substantial rehabilitation; provided that:

18 (A) The allowable general excise tax and use tax
19 costs shall apply to contracting only and shall
20 not exceed \$30,000,000 per year in the aggregate



1 for all projects approved and certified by the
2 department of Hawaiian home lands; and

3 (B) At least twenty per cent of the available units
4 are for households with incomes at or below
5 eighty per cent of the area median family income
6 as determined by the United States Department of
7 Housing and Urban Development.

8 (c) The exemption shall apply to housing projects that are
9 covered by a regulatory agreement with the department of
10 Hawaiian home lands to ensure the project's continued compliance
11 with the applicable eligibility requirements in subsection (b),
12 unless exempted by the department of Hawaiian home lands.

13 (d) All claims for exemption under this section shall be
14 filed with and certified by the department of Hawaiian home
15 lands and forwarded to the department of taxation by the
16 claimant. Any claim for exemption that is filed and approved
17 shall not be considered a subsidy.

18 (e) The department of Hawaiian home lands may establish,
19 revise, charge, and collect a reasonable service fee, as
20 necessary, in connection with its approvals and certifications
21 of the exemption under this section. The fees shall be



1 deposited into the department of Hawaiian home lands
2 administration account.

3 (f) For purposes of this section:

4 "Moderately rehabilitated" means rehabilitation to upgrade
5 a dwelling unit to a decent, safe, and sanitary condition, or to
6 repair or replace major building systems or components in danger
7 of failure.

8 "Substantially rehabilitated":

9 (1) Means the improvement of a property to a decent, safe,
10 and sanitary condition that requires more than routine
11 or minor repairs or improvements. It may include but
12 shall not be limited to:

13 (A) The gutting and extensive reconstruction of a
14 dwelling unit; or

15 (B) Cosmetic improvements coupled with the curing of
16 a substantial accumulation of deferred
17 maintenance; and

18 (2) Includes renovation, alteration, or remodeling to
19 convert or adapt structurally sound property to the
20 design and condition required for a specific use, such
21 as conversion of a hotel to housing for elders."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

DHHL; Taxation; Housing; General Excise Tax Exemption

Description:

Exempts housing developed by the department of Hawaiian home lands from general excise taxes. Effective 7/1/2050. (SD2)

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