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# A BILL FOR AN ACT

RELATING TO TAX EXEMPTION.

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 homesteads for  
3 native Hawaiians are offered at affordable rates when compared  
4 to similar development available in Hawaii. The purpose of this  
5 Act is to exempt any homestead development for the department of  
6 Hawaiian 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 homestead 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, any gross  
13 income arising from the planning, design, financing, or  
14 construction of any homestead development for the department of  
15 Hawaiian home lands as provided in this section.

16       (b) The exemption eligibility shall be approved by the  
17 department of Hawaiian home lands and shall apply to the gross  
18 income derived by any qualified person or firm from a newly

1 constructed or a moderately or substantially rehabilitated  
2 project that is developed:

3       (1) For the department of Hawaiian home lands;

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

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

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

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

21       (d) The department of Hawaiian home lands may establish,  
22 revise, charge, and collect a reasonable service fee, as

1 necessary, in connection with its approvals and certifications  
2 of the exemption under this section. The fees shall be  
3 deposited into the department of Hawaiian home lands  
4 administration account.

5 (e) For purposes of this section:

6 "Homestead development" means development of residential,  
7 agricultural, or pastoral lots to be awarded as homestead leases  
8 pursuant to the Hawaiian Homes Commission Act of 1920, as  
9 amended, including, but not limited to, on- and off-site  
10 infrastructure requirements, and dwelling units upon those lots.

11 "Moderately rehabilitated":

12 (1) Means rehabilitation to upgrade a dwelling unit to a  
13 decent, safe, and sanitary condition; or

14 (2) Includes the repair or replacement of major building  
15 systems or components in danger of failure.

16 "Substantially rehabilitated":

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

21 (A) The gutting and extensive reconstruction of a  
22 dwelling unit; or

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- 1           (B) Cosmetic improvements coupled with the curing of  
2           a substantial accumulation of deferred  
3           maintenance; and  
4       (2) Includes renovation, alteration, or remodeling to  
5       convert or adapt structurally sound property to the  
6       design and condition required for a specific use, such  
7       as conversion of a hotel to housing for elders."

8       SECTION 3. New statutory material is underscored.

9       SECTION 4. This Act shall take effect upon its approval.

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11  
12           INTRODUCED BY: 

13                           BY REQUEST

JAN 24 2022

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**Report Title:**

Department of Hawaiian Home Lands; Homestead Development;  
General Excise Tax Exemption

**Description:**

Exempts any homestead development for the Department of Hawaiian Home Lands from general excise taxes.

*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: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO TAX EXEMPTION.

PURPOSE: To exempt any homestead development for the Department of Hawaiian Home Lands from general excise taxes.

MEANS: Adds a new section to chapter 237, Hawaii Revised Statutes.

JUSTIFICATION: The savings resulting from the exemption from general excise taxes that the Department of Hawaiian Home Lands can accrue from this measure would be applied to the development of additional housing and associated infrastructure allowing the Department to more fully commit the funding received toward its mission, which will encourage and enable the production of more housing units for beneficiaries of the Hawaiian Homes Commission Act.

Impact on the public: This proposal further protects the interest of beneficiaries of the Hawaiian Homes Commission Act by exempting any homestead development for the Department of Hawaiian Home Lands from general excise taxes.

Impact on the department and other agencies: More funding could be allocated toward the development of homesteads instead of taxes.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HHL 625.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.