

JAN 20 2023

A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

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

PART I

SECTION 1. The legislature finds that lands utilized by the department of Hawaiian home lands to provide housing for native Hawaiians are offered at affordable rates when compared to similar housing available in Hawaii. The purpose of this part is to exempt any housing development for the department of Hawaiian home lands from general excise taxes.

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

"§237- Exemptions for any housing development for the department of Hawaiian home lands. (a) All gross income received by any qualified person or firm for the planning, design, financing, or construction of any housing development for the department of Hawaiian home lands shall be exempt from the tax imposed by this chapter.



1 (b) The department of Hawaiian home lands may approve and
2 certify for exemption from general excise tax any qualified
3 person or firm involved with a newly constructed, or a
4 moderately or substantially rehabilitated, project that is:

5 (1) Developed under a government assistance program
6 approved by the department of Hawaiian home lands;

7 (2) Developed under the sponsorship of a private nonprofit
8 organization providing home rehabilitation or new
9 homes for beneficiaries in need of decent, safe and
10 sanitary, low-cost housing;

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

17 (4) Developed by contract or project developer agreement
18 to provide affordable housing through new construction
19 or substantial rehabilitation; provided that:

20 (A) The allowable general excise tax and use tax
21 costs shall apply to contracting only and shall



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1 not exceed \$30,000,000 per year in the aggregate
2 for all projects approved and certified by the
3 department of Hawaiian home lands; and

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

9 (c) To obtain certification for exemption under this
10 section, housing projects shall, unless exempted by the
11 department of Hawaiian home lands, be covered by a regulatory
12 agreement with the department of Hawaiian home lands to ensure
13 the project's continued compliance with the applicable
14 eligibility requirements of subsection (b).

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

20 (e) For purposes of this section:



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1 "Moderate rehabilitation" means rehabilitation to upgrade a
2 dwelling unit to a decent, safe, and sanitary condition, or to
3 repair or replace major building systems or components in danger
4 of failure.

5 "Qualified person or firm" means any individual,
6 partnership, joint venture, corporation, association, limited
7 liability partnership, limited liability company, business,
8 trust, or any organized group of persons or legal entities, or
9 any combination thereof, which possesses all professional or
10 vocational licenses necessary to do business in the State in
11 conjunction with the planning, design, financing, and
12 construction, including materials and supplies for new
13 construction, moderate rehabilitation, and substantial
14 rehabilitation; sale; or rental of projects under the
15 sponsorship of the department of Hawaiian home lands.

16 "Substantial rehabilitation" means the improvement of a
17 property to a decent, safe, and sanitary condition that requires
18 more than routine or minor repairs or improvements. It may
19 include but is not limited to the gutting and extensive
20 reconstruction of a dwelling unit, or cosmetic improvements
21 coupled with the curing of a substantial accumulation of



1 deferred maintenance and includes renovation, alteration, or
2 remodeling to convert or adapt structurally sound property to
3 the design and condition required for a specific use, such as
4 conversion of a hotel to housing for elders.

5 (f) The department of Hawaiian home lands may establish,
6 revise, charge, and collect a reasonable service fee, as
7 necessary, in connection with its approvals and certifications
8 under this section. The fees shall be deposited into the
9 Hawaiian home administration account pursuant to section 10-13."

10 PART II

11 SECTION 3. The legislature finds that lands utilized by
12 the department of Hawaiian home lands to provide housing for
13 native Hawaiians are offered at affordable rates when compared
14 to similar housing available in Hawaii. Since the enactment of
15 the Hawaiian Homes Commission Act, 1920, as amended, lands set
16 aside for use as Hawaiian home lands have been withdrawn for
17 other purposes, including public schools. Moreover, development
18 on Hawaiian home lands often accounts for the educational
19 facilities that may be needed to support the community with the
20 siting of public schools, public charter schools, early learning
21 facilities, and other similar facilities on or near Hawaiian



1 home lands. The purpose of this part is to exempt any housing
2 development for the department of Hawaiian home lands from
3 school impact fee requirements.

4 SECTION 4. Section 302A-1603, Hawaii Revised Statutes, is
5 amended by amending subsection (b) to read as follows:

6 "(b) The following shall be exempt from this section:

- 7 (1) Any form of housing permanently excluding school-aged
8 children, with the necessary covenants or declarations
9 of restrictions recorded on the property;
- 10 (2) Any form of housing that is or will be paying the
11 transient accommodations tax under chapter 237D;
- 12 (3) All nonresidential development; [and]
- 13 (4) Any development with an executed education
14 contribution agreement or other like document with the
15 agency for the contribution of school sites or payment
16 of fees for school land or school construction[-] and
- 17 (5) Any housing development for the department of Hawaiian
18 home lands certified pursuant to section 237- ."

19 PART III

20 SECTION 5. Act 279, Session Laws of Hawaii 2022, is
21 amended by amending section 6 to read as follows:



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1 SECTION 8. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

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Report Title:

Department of Hawaiian Home Lands; Housing Development; General Excise Tax Exemption; School Impact Fee Exemption; Affordable Housing Credits

Description:

Exempts housing development for the Department of Hawaiian Home Lands from general excise tax and school impact fee requirements. Extends the issuance of county affordable housing credits to the Department of Hawaiian Home Lands.

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