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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

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

1 PART I

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

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

11 "§237- Exemptions for any development of homestead lots  
12 or housing for the department of Hawaiian home lands. (a) All  
13 gross income received by any qualified person or firm for the  
14 planning, design, financing, or construction of any development  
15 of homestead lots or housing for the department of Hawaiian home  
16 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 developed:

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

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

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

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



1           (A) The allowable general excise tax and use tax  
2           costs shall apply to contracting only and shall  
3           not exceed \$30,000,000 per year in the aggregate  
4           for all projects approved and certified by the  
5           department of Hawaiian home lands; and

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

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

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



1       (e) For purposes of this section:

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

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

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



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

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

11 PART II

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



1 facilities, and other similar facilities on or near Hawaiian  
2 home lands. The purpose of this part is to exempt any  
3 developments of homestead lots or housing for the department of  
4 Hawaiian home lands from school impact fee requirements.

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

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

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



1 Hawaiian Homes Commission Act, 1920, as amended[-] i

2 and

3 (6) Any development of homestead lots or housing for the  
4 department of Hawaiian home lands certified pursuant  
5 to section 237- :"

6 PART III

7 SECTION 5. Act 197, Session Laws of Hawaii 2021, is  
8 amended by amending section 6 to read as follows:

9 "SECTION 6. This Act shall take effect upon its approval[+]  
10 ~~provided that on July 1, 2024, section 1 of this Act shall be~~  
11 ~~repealed and section 302A 1603(b), Hawaii Revised Statutes,~~  
12 ~~shall be reenacted in the form in which it read on the day prior~~  
13 ~~to the effective date of this Act]."~~

14 PART IV

15 SECTION 6. Act 141, Session Laws of Hawaii 2009, as  
16 amended by section 3 of Act 102, Session Laws of Hawaii 2015, as  
17 amended by section 1 of Act 80, Session laws of Hawaii 2019, is  
18 amended by amending section 3 to read as follows:

19 "SECTION 3. This Act shall take effect on July 1, 2009[+]  
20 ~~provided that on June 30, [2024,] 20, this Act shall be~~  
21 ~~repealed and section 46 15.1, Hawaii Revised Statutes, shall be~~



1 ~~reenacted in the form in which it read on the day before the~~  
2 ~~approval of this Act]."~~

3 PART V

4 SECTION 7. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 8. This Act shall take effect on January 1, 2024.





**Report Title:**

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

**Description:**

Exempts development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise tax and school impact fee requirements. Makes permanent the school impact fee exemption and the issuance of county affordable housing credits to the Department of Hawaiian Home Lands. Effective 1/1/2024. (SD1)

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