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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. The legislature finds that homestead lots or  
2 housing developed for the department of Hawaiian home lands  
3 awarded to native Hawaiians are offered at affordable rates when  
4 compared to similar housing opportunities available in the  
5 State.

6           The purpose of this Act is to exempt any development of  
7 homestead lots or housing for the department of Hawaiian home  
8 lands from general excise and use taxes.

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

12           "§237-       Exemptions for any development of homestead lots  
13 or housing for the department of Hawaiian home lands. (a) Any  
14 amounts related to planning, design, financing, or construction  
15 activities conducted by a qualified person or firm for a new  
16 construction, moderate rehabilitation, or substantial  
17 rehabilitation project for homestead lots or housing for the



1 department of Hawaiian home lands shall be exempted from the tax  
2 imposed by this chapter, including but not limited to a project  
3 developed:

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

6       (2) Under the sponsorship of a nonprofit organization  
7       providing home rehabilitation or new homes on Hawaiian  
8       home lands for families qualified under the Hawaiian  
9       Home Commission Act, 1920, as amended, in need of  
10       decent, low-cost housing; or

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

17       (b) 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 by the  
20 claimant.

21       (c) For purposes of this section:



1       "Homestead lot" means a lot of residential, agricultural,  
2 or pastoral use to be awarded pursuant to the Hawaiian Homes  
3 Commission Act, 1920, as amended, including but not limited to  
4 on- and off-site infrastructure requirements, appurtenances, and  
5 dwelling units.

6       "Moderate rehabilitation" shall have the same meaning as  
7 defined in section 201H-36(d).

8       "Qualified person or firm" means any individual,  
9 partnership, joint venture, corporation, association, limited  
10 liability partnership, limited liability company, business,  
11 trust, or any organized group of persons or legal entities, or  
12 any combination thereof, that possesses all professional or  
13 vocational licenses necessary to do business in the State.

14       "Substantial rehabilitation" shall have the same meaning as  
15 defined in section 201H-36(d)."

16       SECTION 3. Section 238-3, Hawaii Revised Statutes, is  
17 amended by amending subsection (j) to read as follows:

18       "(j) The tax imposed by this chapter shall not apply to  
19 any use of property, services, or contracting exempted by  
20 section 237-26 [~~o~~], section 237-29[~~r~~], or section 237-    ."



1 SECTION 4. The department of Hawaiian home lands shall  
2 submit an annual report to the legislature detailing cost  
3 savings, reinvestments, and housing production increases  
4 resulting from the tax exemption prior to the regular sessions  
5 of 2027, 2028, 2029, 2030, and 2031.

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

8 SECTION 6. This Act shall take effect on January 1, 2026.



**S.B. NO.** 1405  
S.D. 1

**Report Title:**

DHHL; General Excise Tax Exemption; Use Tax Exemption; Reports

**Description:**

Exempts any development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes. Requires the Department of Hawaiian Home Lands to submit annual reports to the Legislature over a period of five years.  
(SD1)

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