
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the issue of
2 affordable housing in Honolulu is a matter of statewide concern.
3 The purpose of this Act is to encourage the consolidation of
4 multiple real estate parcels in urban districts for the purpose
5 of developing affordable housing projects.

6 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 **"§235- Capital gain exemption; affordable housing**
10 **projects.** (a) There shall be excluded from gross income,
11 adjusted gross income, and taxable income, amounts received as
12 capital gain from the sale of real property that is sold to
13 consolidate or form multiple adjoining real estate parcels for
14 the purpose of providing affordable housing projects in urban
15 districts under this section.

16 (b) For the purposes of this section:

17 "Affordable housing project" means multiple housing units
18 that:



- 1 (1) Are for sale or for rent and one hundred per cent of
- 2 the units are affordable to individuals or families
- 3 with incomes at or below one hundred forty per cent of
- 4 the median individual or family income;
- 5 (2) Have restrictions in place to preserve affordability
- 6 for a minimum of ten years;
- 7 (3) Are constructed pursuant to this section; and
- 8 (4) Comply with all applicable federal, state, and county
- 9 statutes, ordinances, and rules.

10 "Multiple real estate parcels" means two or more adjoining
 11 parcels of land in urban districts.

12 "Urban districts" has the same meaning as that term is
 13 defined under section 291C-1.

14 (c) The department of taxation may adopt rules pursuant to
 15 chapter 91 to effectuate this section."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval
 18 and shall apply to taxable years beginning after December 31,
 19 2005, and shall be repealed on December 31, 2015.

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Report Title:

Income Tax Exemption; Affordable Housing

Description:

Provides an exemption from the capital gains tax to encourage the consolidation of multiple real estate parcels in urban districts for the purpose of developing affordable housing.

