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## A BILL FOR AN ACT

RELATING TO URBAN DEVELOPMENT.

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

1           SECTION 1. The legislature finds there is a need to  
2   redevelop Hawaii's urban cores, particularly in light of the  
3   current economic climate and constricted housing market. The  
4   purpose of this Act is to encourage the private redevelopment of  
5   Hawaii's urban cores through financial incentives and expedited  
6   administrative procedures.

7           SECTION 2. Chapter 53, Hawaii Revised Statutes, is amended  
8   by adding a new part to be appropriately designated and to read  
9   as follows:

10                           "PART     .    URBAN CORE REDEVELOPMENT

11           §53-           Urban core redevelopment districts. Every county  
12   with a population of at least five hundred thousand shall  
13   designate at least four square miles of blighted areas composed  
14   primarily of low-density, multi-family residences as urban core  
15   redevelopment districts. For the purposes of this part,  
16   "blighted area" has the same meaning as defined in section 53-1.

17           §53-           Tax incentives; expedited permitting. (a) Any  
18   entity that is:



1 (1) Engaged in the business of qualified property  
2 development within an urban core redevelopment  
3 district; or  
4 (2) A purchaser or lessee of certain real property  
5 developed within an urban core redevelopment district;  
6 may claim the income tax incentives under section 235-  
7 where applicable.

8 (b) All applications for a development-related permit,  
9 license, or approval required under chapter 205 for any  
10 development within an urban core redevelopment district shall be  
11 processed under the expedited procedures provided under section  
12 91-13.5(e)."

13 SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
14 amended by adding a new section to part I to be appropriately  
15 designated and to read as follows:

16 "§235- Urban core redevelopment; income tax deduction;  
17 income tax credit. (a) There shall be allowed to each taxpayer  
18 subject to the taxes imposed by this chapter, a deduction from  
19 gross income for the taxable year in which the deduction is  
20 properly claimed. The amount of the deduction shall be one  
21 hundred per cent of the taxpayer's aggregate expenditures within  
22 the taxable year for the acquisition of real property,



1 administrative fees, legal consultation, planning and design, or  
2 construction to develop residential or mixed commercial-  
3 residential building units within an urban core redevelopment  
4 district designated under part \_\_\_\_\_ of chapter 53.

5 (b) There shall be allowed to each taxpayer subject to the  
6 taxes imposed by this chapter, an income tax credit deductible  
7 from the taxpayer's net income tax liability, if any, imposed by  
8 this chapter for the taxable year in which the credit is  
9 properly claimed. The amount of the credit shall be:

- 10 (1) \$20,000 for each purchase of a commercial building  
11 unit;  
12 (2) \$10,000 for each purchase of a residential building  
13 unit;  
14 (3) \$8,000 for each commercial building unit leasehold of  
15 at least \_\_\_\_\_ years; and  
16 (4) \$3,000 for each residential building unit leasehold of  
17 at least \_\_\_\_\_ years;

18 which building unit shall have been purchased from a taxpayer  
19 under subsection (a) and developed under permitting granted  
20 pursuant to the procedures set forth in section 91-13.5(e).

21 (c) If the tax credit under subsection (b) exceeds the  
22 taxpayer's income tax liability, the excess of the credit over



1 liability may be used as a credit against the taxpayer's income  
2 tax liability in subsequent years until exhausted.

3 (d) The director of taxation shall prepare forms as may be  
4 necessary to claim a deduction or credit under this section.

5 The director may also require the taxpayer to furnish  
6 information to ascertain the validity of a claim made under this  
7 section and may adopt rules pursuant to chapter 91 necessary to  
8 effectuate the purposes of this section."

9 SECTION 4. Section 91-13.5, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "§91-13.5 Maximum time period for business or development-  
12 related permits, licenses, or approvals; automatic approval;  
13 extensions. (a) Unless otherwise provided by law, an agency  
14 shall adopt rules that specify a maximum time period to grant or  
15 deny a business or development-related permit, license, or  
16 approval; provided that the application is not subject to state  
17 administered permit programs delegated, authorized, or approved  
18 under federal law.

19 (b) All such issuing agencies shall clearly articulate  
20 informational requirements for applications and review  
21 applications for completeness in a timely manner.



1 (c) All such issuing agencies shall take action to grant  
2 or deny any application for a business or development-related  
3 permit, license, or approval within the established maximum  
4 period of time, or the application shall be deemed approved;  
5 provided that a delay in granting or denying an application  
6 caused by the lack of quorum at a regular meeting of the issuing  
7 agency shall not result in approval under this subsection;  
8 provided further that any subsequent lack of quorum at a regular  
9 meeting of the issuing agency that delays the same matter shall  
10 not give cause for further extension, unless an extension is  
11 agreed to by all parties.

12 (d) Notwithstanding any other law to the contrary, any  
13 agency that reviews and comments upon an application for a  
14 business or development-related permit, license, or approval for  
15 a housing project developed under section 201H-38 shall respond  
16 within forty-five days of receipt of the application, or the  
17 application shall be deemed acceptable as submitted to the  
18 agency.

19 (e) Notwithstanding any other law to the contrary, an  
20 application for a development-related permit, license, or  
21 approval required under chapter 205 for any development within  
22 an urban core redevelopment district designated under



1 part of chapter 53 shall be granted or denied within  
2 thirty days of receipt of the application, or the application  
3 shall be deemed approved.

4 [~~e~~] (f) The maximum period of time established pursuant  
5 to this section shall be extended in the event of a national  
6 disaster, state emergency, or union strike, which would prevent  
7 the applicant, the agency, or the department from fulfilling  
8 application or review requirements.

9 [~~f~~] (g) This section shall not apply to:

- 10 (1) Any proceedings of the public utilities commission; or  
11 (2) Any county or county agency that is exempted by county  
12 ordinance from this section.

13 [~~g~~] (h) For purposes of this section, "application for a  
14 business or development-related permit, license, or approval"  
15 means any state or county application, petition, permit,  
16 license, certificate, or any other form of a request for  
17 approval required by law to be obtained prior to the formation,  
18 operation, or expansion of a commercial or industrial  
19 enterprise, or for any permit, license, certificate, or any form  
20 of approval required under sections 46-4, 46-4.2, 46-4.5, 46-5,  
21 and chapters 183C, 205, 205A, 340A, 340B, 340E, 340F, 342B,  
22 342C, 342D, 342E, 342F, 342G, 342H, 342I, 342J, 342L, and 342P."



1 SECTION 5. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

4 SECTION 6. If any provision of this Act, or the  
5 application thereof to any person or circumstance is held  
6 invalid, the invalidity does not affect other provisions or  
7 applications of the Act, which can be given effect without the  
8 invalid provision or application, and to this end the provisions  
9 of this Act are severable.

10 SECTION 7. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 8. This Act shall take effect on July 1, 2010, and  
13 shall apply to taxable years beginning after December 31, 2009.

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INTRODUCED BY:

J. Phil. Keramita

JAN 27 2010



**Report Title:**

Urban Core Redevelopment Districts

**Description:**

Provides tax incentives and expedited permitting for private development within designated urban cores.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

