
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Section 201H-36, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~+~~§201H-36~~+~~ **Exemption from general excise taxes.** (a)

4 In accordance with section 237-29, the corporation may approve
5 and certify for exemption from general excise taxes any
6 qualified person or firm involved with a newly constructed, or
7 moderately or substantially rehabilitated project:

8 (1) Developed under this part;

9 (2) Developed under a government assistance program
10 approved by the corporation, including but not limited
11 to the United States Department of Agriculture 502
12 program and Federal Housing Administration 235
13 program;

14 (3) Developed under the sponsorship of a private nonprofit
15 organization providing home rehabilitation or new
16 homes for qualified families in need of decent, low-
17 cost housing; or



1 (4) Developed by a qualified person or firm to provide
2 affordable rental housing where at least fifty per
3 cent of the available units are for households with
4 incomes at or below eighty per cent of the area median
5 family income as determined by the United States
6 Department of Housing and Urban Development, of which
7 at least twenty per cent of the available units are
8 for households with incomes at or below sixty per cent
9 of the area median family income as determined by the
10 United States Department of Housing and Urban
11 Development.

12 (b) All claims for an exemption under this section shall
13 be filed with [~~and certified by~~] the corporation and [~~forwarded~~
14 ~~to~~] reviewed by the corporation and the department of
15 taxation[-] prior to any initial or renewal certification;
16 provided that the certification may be audited by the auditor as
17 directed by the legislature. Any claim for an exemption that is
18 filed and approved, shall not be considered a subsidy for the
19 purpose of this part.

20 (c) The corporation shall maintain a record of all persons
21 or businesses that have qualified for a general excise tax
22 exemption under this section. The record shall include the:



- 1 (1) Name and address of the person or business;
2 (2) Name and address of the housing project qualifying for
3 the tax exemption;
4 (3) The criterion used under subsection (a) to qualify for
5 the tax exemption; and
6 (4) The amount of the tax exemption claimed under this
7 section.

8 The department shall also maintain an annual and cumulative
9 record of all tax exemptions claimed under this section. The
10 corporation shall submit its annual record, including any other
11 information gathered under this subsection, to the legislature
12 no later than twenty days prior to the convening of every
13 regular session, beginning with the 2011 regular session.

14 Notwithstanding any other law to the contrary, including
15 chapter 92F, all records maintained by the corporation under
16 this section shall be public record and shall be made available
17 upon request; provided that the corporation may charge a
18 reasonable reproduction fee for any requested records.

19 [~~e~~] (d) For the purposes of this section:

20 "Moderate rehabilitation" means rehabilitation to upgrade a
21 dwelling unit to a decent, safe, and sanitary condition, or to



1 repair or replace major building systems or components in danger
2 of failure.

3 "Substantial rehabilitation":

4 (1) Means the improvement of a property to a decent, safe,
5 and sanitary condition that requires more than routine
6 or minor repairs or improvements. It may include but
7 is not limited to the gutting and extensive
8 reconstruction of a dwelling unit, or cosmetic
9 improvements coupled with the curing of a substantial
10 accumulation of deferred maintenance; and

11 (2) Includes renovation, alteration, or remodeling to
12 convert or adapt structurally sound property to the
13 design and condition required for a specific use, such
14 as conversion of a hotel to housing for elders.

15 [~~(d)~~] (e) The corporation may establish, revise, charge,
16 and collect a reasonable service fee, as necessary, in
17 connection with its approvals and certifications under this
18 section. The fees shall be deposited into the dwelling unit
19 revolving fund."

20 SECTION 2. Section 201H-37, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "~~+~~§201H-37~~+~~ **Exemption from tax on income and**
2 **obligations.** Income earned and obligations issued by a
3 nonprofit entity determined to constitute a "public housing
4 agency" pursuant to Section 3(6) of the United States Housing
5 Act of 1937, as amended, and which income and obligations are
6 declared by the United States Department of Housing and Urban
7 Development to be exempt from all taxation imposed by the United
8 States pursuant to Section 11(b) of the Act, shall be exempt
9 from all taxation now or hereafter imposed by the State~~-~~;
10 provided that all exemptions under this section shall be subject
11 to the requirements under section 201H-36."

12 SECTION 3. Section 237-29, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) All gross income received by any qualified person or
15 firm for the planning, design, financing, construction, sale, or
16 lease in the State of a housing project that has ~~been~~ complied
17 with all the requirements under section 201H-36 prior to being
18 certified or approved under that section [~~201H-36~~] shall be
19 exempt from general excise taxes."

20 SECTION 4. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect upon its approval
2 and shall apply to taxable years beginning after December 31,
3 2009.



Report Title:

Taxation; Public Housing Projects

Description:

Requires full disclosure of all persons or businesses qualifying for a tax incentive for housing projects certified by the housing finance development corporation and the department of taxation. Also requires an annual report to the legislature.
(HB165 HD2)

