
A BILL FOR AN ACT

RELATING TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION.

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

1 SECTION 1. The legislature finds that section 237-29,
2 Hawaii Revised Statutes, authorizes the Hawaii housing finance
3 and development corporation to certify or approve housing
4 projects in the State for a general excise tax exemption. The
5 legislature further finds that the Hawaii housing finance and
6 development corporation has adopted administrative rules to set
7 eligibility criteria and application procedures for general
8 excise tax exemptions and to require documentation from
9 claimants showing that the housing projects meet criteria
10 necessary for an exemption. However, upon certification of
11 housing projects by the corporation, the legislature finds that
12 periodic reviews are necessary to ensure that a claimant's
13 housing projects are actually meeting or continuing to meet all
14 eligibility criteria to receive or retain, respectively, the
15 claimant's general excise tax exemption.

16 The purpose of this Act is to require the Hawaii housing
17 finance and development corporation to perform periodic reviews



1 of rental housing projects certified for a general excise tax
2 exemption.

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

5 "[+]§201H-36[+] Exemption from general excise taxes. (a)

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

- 10 (1) Developed under this part;
- 11 (2) Developed under a government assistance program
12 approved by the corporation, including but not limited
13 to the United States Department of Agriculture 502
14 program and Federal Housing Administration 235
15 program;
- 16 (3) Developed under the sponsorship of a private nonprofit
17 organization providing home rehabilitation or new
18 homes for qualified families in need of decent, low-
19 cost housing; or
- 20 (4) Developed by a qualified person or firm to provide
21 affordable rental housing where at least fifty per
22 cent of the available units are for households with



1 incomes at or below eighty per cent of the area median
2 family income as determined by the United States
3 Department of Housing and Urban Development, of which
4 at least twenty per cent of the available units are
5 for households with incomes at or below sixty per cent
6 of the area median family income as determined by the
7 United States Department of Housing and Urban
8 Development.

9 (b) All claims for exemption under this section shall be
10 filed with and certified by the corporation and forwarded to the
11 department of taxation. Any claim for exemption that is filed
12 and approved, shall not be considered a subsidy for the purpose
13 of this part.

14 (c) The corporation shall conduct periodic reviews of all
15 housing projects for which a claimant has received a general
16 excise tax exemption. Each periodic review shall occur not less
17 than once every three years following the close of the taxable
18 year for which a claimant received a general excise tax
19 exemption. Each periodic review shall determine whether the
20 housing project has met eligibility criteria under section
21 201H-36 and other applicable laws and rules for each taxable



1 year for which a claimant received a general excise tax
2 exemption.

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

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

8 "Substantial rehabilitation":

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

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

20 [~~d~~] (e) The corporation may establish, revise, charge,
21 and collect a reasonable service fee, as necessary, in
22 connection with its approvals and certifications under this



1 section. The fees shall be deposited into the dwelling unit
2 revolving fund.

3 (f) The corporation shall adopt rules, pursuant to
4 chapter 91, for the purposes of this section. The rules shall
5 include but not be limited to penalties for claimants who have
6 received a general excise tax exemption without meeting or
7 continuing to meet the appropriate eligibility criteria in every
8 taxable year during which the claimant has received a general
9 excise tax exemption."

10 SECTION 3. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 4. This Act shall take effect on July 1, 2050.

13



Report Title:

Hawaii Housing Finance and Development Corporation; GET
Exemptions

Description:

Requires the Hawaii housing finance and development corporation to conduct periodic reviews of housing projects certified for a general excise tax exemption to determine whether the housing projects have met eligibility criteria required by law and rule. Effective 7/1/2050. (SD1)

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