

SB. NO. 1117

JAN 24 2013

A BILL FOR AN ACT

RELATING TO EXEMPTION FROM STATE TAX ON PUBLIC HOUSING AGENCY
INCOME AND OBLIGATIONS.

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

1 SECTION 1. Chapter 356D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§356D- Exemption from tax on income and obligations.
5 Income earned and obligations issued by a nonprofit entity
6 determined to constitute a "public housing agency" pursuant to
7 section 3(6) of the United States Housing Act of 1937, as
8 amended, and which income and obligations are declared by the
9 United States Department of Housing and Urban Development to be
10 exempt from all taxation imposed by the United States pursuant
11 to section 11(b) of the Act, shall be exempt from all taxation
12 now or hereafter imposed by the State."

13 SECTION 2. Section 201H-37, Hawaii Revised Statutes, is
14 repealed.

15 [~~" [§201H-37] Exemption from tax on income and obligations.~~
16 ~~Income earned and obligations issued by a nonprofit entity~~
17 ~~determined to constitute a "public housing agency" pursuant to~~

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1 ~~section 3(6) of the United States Housing Act of 1937, as~~
2 ~~amended, and which income and obligations are declared by the~~
3 ~~United States Department of Housing and Urban Development to be~~
4 ~~exempt from all taxation imposed by the United States pursuant~~
5 ~~to section 11(b) of the Act, shall be exempt from all taxation~~
6 ~~now or hereafter imposed by the State."]~~

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: 

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BY REQUEST

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Report Title:

Hawaii Public Housing Authority; Exemption from Tax on Income and Obligations; Housekeeping

Description:

Moves the statute that exempts income earned and obligations issued by a nonprofit entity determined to constitute a "public housing agency" from all state taxes where they are declared to be exempt from all federal taxes under section 11(b) of the United States Housing Act of 1937, by repealing section 201H-37, Hawaii Revised Statutes (HRS), and re-enacting it as a section in chapter 356D, HRS.

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

JUSTIFICATION SHEET

DEPARTMENT: Hawaii Public Housing Authority (Human Services)

TITLE: A BILL FOR AN ACT RELATING TO EXEMPTION FROM STATE TAX ON PUBLIC HOUSING AGENCY INCOME AND OBLIGATIONS.

PURPOSE: To move an existing tax exemption statute, which applies to an entity determined to constitute a "public housing agency", from chapter 201H to chapter 356D, Hawaii Revised Statutes (HRS).

MEANS: Add a new section to chapter 356D, HRS, and repeal section 201H-37, HRS.

JUSTIFICATION: Section 11 of the Housing Act of 1937, as amended (42 U.S.C. §1437i) provides for public housing agencies (PHAs) to issue obligations secured by a variety of HUD funds to finance the development of low-income housing projects. It further provides that any such obligations, including interest thereon, that are issued by a PHA, and any income derived by the PHA from such projects, are exempt from all taxation imposed by the United States. Section 201H-37, HRS, provides that such obligations and income should also be exempt from all taxation imposed by the State.

However, the statute is misplaced in chapter 201H. As the sole PHA in the State of Hawaii, any such statutory provision relating to PHA financing obligations should be provided in the HPHA's chapter 356D, HRS. As such, this proposal is a housekeeping measure to move this statute to the correct chapter.

Impact on the public: A statute that applies to PHAs should be included in the HPHA's enabling legislation, chapter 356D, HRS,

thereby making it easier for the public to locate and monitor.

Impact on the department and other agencies:
Currently, this statute is included in chapter 201H, HRS, which is administered by the Hawaii Housing Finance and Development Corporation.

GENERAL FUNDS: None.

OTHER FUNDS: Federal Funds; Revolving Funds.

PPBS PROGRAM
DESIGNATION: HMS 220; HMS 229.

OTHER AFFECTED
AGENCIES: Hawaii Housing Finance and Development Corporation.

EFFECTIVE DATE: Upon approval.