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# A BILL FOR AN ACT

RELATING TO URBAN REDEVELOPMENT.

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

1           SECTION 1. Chapter 171, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§171-     Development of public lands in a redevelopment  
5 area. (a) Notwithstanding any provision of law to the  
6 contrary, a local redevelopment agency created pursuant to  
7 section 53-2, with the prior approval of the council of the  
8 applicable county, approval of the governor, and authorization  
9 of the legislature by concurrent resolution, may negotiate a  
10 development agreement with a developer for commercial, business,  
11 or hotel or resort uses on public lands within a redevelopment  
12 area according to a redevelopment plan adopted by the local  
13 redevelopment agency pursuant to chapter 53.

14           (b) The development agreement shall provide for the  
15 leasehold disposition of the land and shall:

16           (1) Describe the land subject to the development agreement,  
17           including the location, area, and size of the land;



- 1        (2) Specify the permitted use or uses for the land;
- 2        (3) Require that the permitted use or uses shall conform
- 3        with all applicable state and county laws and
- 4        ordinances;
- 5        (4) Include the start and completion dates of construction
- 6        negotiated with the developer;
- 7        (5) Specify the on-site and off-site improvements involved
- 8        with the development;
- 9        (6) Provide the lease commencement and termination dates
- 10       and rent requirements of the land specified in the
- 11       development agreement; and
- 12       (7) Include any other terms or conditions determined to be
- 13       necessary by the local redevelopment agency."

14       SECTION 2. Chapter 237, Hawaii Revised Statutes, is  
 15 amended by adding a new section to be appropriately designated  
 16 and to read as follows:

17       "§237-    **Redevelopment project.** (a) This chapter shall  
 18 not apply to amounts received from the construction of work or  
 19 improvements of a redevelopment project.

20       (b) For the purposes of this section, "redevelopment  
 21 project" shall have the same meaning as defined in section 53-1.



1        (c) For the purposes of this section, "construction of  
2 work or improvements of a redevelopment project" includes any  
3 costs of design, engineering, labor, and materials associated  
4 with the demolition and construction of a redevelopment project  
5 that is part of the redevelopment plan adopted by a local  
6 redevelopment agency pursuant to chapter 53."

7        SECTION 3. Section 238-1, Hawaii Revised Statutes, is  
8 amended by amending the definition of "use" to read as follows:  
9        ""Use" (and any nounal, verbal, adjectival, adverbial, and  
10 other equivalent form of the term) herein used interchangeably  
11 means any use, whether the use is of such nature as to cause the  
12 property, services, or contracting to be appreciably consumed or  
13 not, or the keeping of the property or services for such use or  
14 for sale, the exercise of any right or power over tangible or  
15 intangible personal property incident to the ownership of that  
16 property, and shall include control over tangible or intangible  
17 property by a seller who is licensed or who should be licensed  
18 under chapter 237, who directs the importation of the property  
19 into the State for sale and delivery to a purchaser in the  
20 State, liability and free on board (FOB) to the contrary



1 notwithstanding, regardless of where title passes, but the term  
2 "use" shall not include:

3 (1) Temporary use of property, not of a perishable or  
4 quickly consumable nature, where the property is  
5 imported into the State for temporary use (not sale)  
6 therein by the person importing the same and is not  
7 intended to be, and is not, kept permanently in the  
8 State. For example, without limiting the generality  
9 of the foregoing language:

10 (A) In the case of a contractor importing permanent  
11 equipment for the performance of a construction  
12 contract, with intent to remove, and who does  
13 remove, the equipment out of the State upon  
14 completing the contract;

15 (B) In the case of moving picture films imported for  
16 use in theaters in the State with intent or under  
17 contract to transport the same out of the State  
18 after completion of such use; and

19 (C) In the case of a transient visitor importing an  
20 automobile or other belongings into the State to  
21 be used by the transient visitor while therein



1 but which are to be used and are removed upon the  
2 transient visitor's departure from the State;

3 (2) Use by the taxpayer of property acquired by the  
4 taxpayer solely by way of gift;

5 (3) Use which is limited to the receipt of articles and  
6 the return thereof, to the person from whom acquired,  
7 immediately or within a reasonable time either after  
8 temporary trial or without trial;

9 (4) Use of goods imported into the State by the owner of a  
10 vessel or vessels engaged in interstate or foreign  
11 commerce and held for and used only as ship stores for  
12 the vessels;

13 (5) The use or keeping for use of household goods,  
14 personal effects, and private automobiles imported  
15 into the State for nonbusiness use by a person who:

16 (A) Acquired them in another state, territory,  
17 district, or country;

18 (B) At the time of the acquisition was a bona fide  
19 resident of another state, territory, district,  
20 or country;



1 (C) Acquired the property for use outside the State;  
2 and

3 (D) Made actual and substantial use thereof outside  
4 this State;

5 provided that as to an article acquired less than  
6 three months prior to the time of its importation into  
7 the State it shall be presumed, until and unless  
8 clearly proved to the contrary, that it was acquired  
9 for use in the State and that its use outside the  
10 State was not actual and substantial;

11 (6) The leasing or renting of any aircraft or the keeping  
12 of any aircraft solely for leasing or renting to  
13 lessees or renters using the aircraft for commercial  
14 transportation of passengers and goods or the  
15 acquisition or importation of any such aircraft or  
16 aircraft engines by any lessee or renter engaged in  
17 interstate air transportation. For purposes of this  
18 paragraph, "leasing" includes all forms of lease,  
19 regardless of whether the lease is an operating lease  
20 or financing lease. The definition of "interstate air  
21 transportation" is the same as in 49 U.S.C. 40102;



- 1 (7) The use of oceangoing vehicles for passenger or  
2 passenger and goods transportation from one point to  
3 another within the State as a public utility as  
4 defined in chapter 269;
- 5 (8) The use of material, parts, or tools imported or  
6 purchased by a person licensed under chapter 237 which  
7 are used for aircraft service and maintenance, or the  
8 construction of an aircraft service and maintenance  
9 facility as those terms are defined in section 237-  
10 24.9;
- 11 (9) The use of services or contracting imported for resale  
12 where the contracting or services are for resale,  
13 consumption, or use outside the State pursuant to  
14 section 237-29.53(a); ~~and~~
- 15 (10) The use of property, services, or contracting imported  
16 by foreign diplomats and consular officials who are  
17 holding cards issued or authorized by the United  
18 States Department of State granting them an exemption  
19 from state taxes[-]; and
- 20 (11) The use of material, parts, or tools imported or  
21 purchased by a person licensed under chapter 237 which



1 are used for the construction of work or improvements  
2 of a redevelopment project as defined in section 237-

3     

4 With regard to purchases made and distributed under the  
5 authority of chapter 421, a cooperative association shall be  
6 deemed the user thereof."

7 SECTION 4. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 5. This Act shall take effect on July 1, 2019.

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INTRODUCED BY: *[Signature]*

*Richard Cox*

*[Signature]*

*Doug Carnes*

*Ch Todd*

*[Signature]*

*Tia W. [Signature]*





# H.B. NO. 528

**Report Title:**

Urban Redevelopment; Public Lands; General Excise Tax; Use Tax

**Description:**

Authorizes a local redevelopment agency to contract with a developer for construction of non-residential projects on public land within a redevelopment area. Exempts the costs of construction of work or improvements of a redevelopment project from general excise and use taxes.

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

