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# 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 by amending subsection (a) to read as follows:

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

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's  
12 section 502 direct loan program and Federal Housing  
13 Administration's section 235 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;



- 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; or
- 12          (5) Approved or certified from July 1, 2018, to June 30,  
13          2030, and developed under a contract described in  
14          section 104-2(i)(2) by a qualified person or firm to  
15          provide affordable rental housing through new  
16          construction or substantial rehabilitation; provided  
17          that:
- 18                (A) The allowable general excise tax and use tax  
19                costs [~~shall apply to contracting only and~~] shall  
20                not exceed \$30,000,000 per year in the aggregate



1 for all projects approved and certified by the  
2 corporation; and

3 (B) All available units are for households with  
4 incomes at or below one hundred forty per cent of  
5 the area median family income as determined by  
6 the United States Department of Housing and Urban  
7 Development, of which at least twenty per cent of  
8 the available units are for households with  
9 incomes at or below eighty per cent of the area  
10 median family income as determined by the United  
11 States Department of Housing and Urban  
12 Development; provided that an owner shall not  
13 refuse to lease a unit solely because the  
14 applicant holds a voucher or certificate of  
15 eligibility under section 8 of the United States  
16 Housing Act of 1937, as amended."

17 SECTION 2. Section 104-2, Hawaii Revised Statutes, is  
18 amended by amending subsection (i) to read as follows:

19 "(i) The terms of section 201H-36(a)(5) prevailing wages  
20 shall be deemed the prevailing wages serving as the basis of  
21 compliance with this chapter for work on the project when:



- 1           (1) The Hawaii housing finance and development corporation
- 2           has approved and certified a qualified person or firm
- 3           involved with a newly constructed, or moderately or
- 4           substantially rehabilitated project under section
- 5           201H-36(a)(5) for exemption from general excise taxes;
- 6           (2) The qualified person or firm has entered into a
- 7           contract with a general contractor or subcontractors
- 8           whose workforce is subject to either:
- 9           (A) A collective bargaining agreement with a bona
- 10           fide labor union for which a section
- 11           201H-36(a)(5) prevailing wage for the laborers
- 12           and mechanics employed for the construction
- 13           project has been approved by the director; or
- 14           (B) A project labor agreement with the group whose
- 15           wages are reflected in the Hawaii prevailing wage
- 16           schedule for which section 201H-36(a)(5)
- 17           prevailing wages for the laborers and mechanics
- 18           employed for the construction project have been
- 19           approved by the director; and
- 20           (3) The qualified person or firm has received no other
- 21           direct or indirect financing for the construction



1 project from any other governmental contracting  
2 agency[7] of the State, including the Hawaii housing  
3 finance and development corporation."

4 SECTION 3. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2020.

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**Report Title:**

Rental Housing Projects; General Excise Tax Exemption;  
Prevailing Wages; HHFDC

**Description:**

Removes limit on costs eligible for exemption from general excise tax for development costs of affordable rental housing certified by the Hawaii housing finance and development corporation. (SD1)

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

