
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. Lands utilized by the department of Hawaiian
2 home lands to provide housing for native Hawaiians are offered
3 at affordable rates when compared to similar housing available
4 in Hawaii. The purpose of this bill is to exempt any housing
5 development for the department of Hawaiian home lands from
6 general excise taxes.

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

10 "§237- Exemptions for any housing development for the
11 department of Hawaiian home lands. (a) All gross income
12 received by any qualified person or firm for the planning,
13 design, financing, or construction of any housing development
14 for the department of Hawaiian home lands shall be exempt from
15 general excise taxes.

16 (b) The department of Hawaiian home lands may approve and
17 certify for exemption from general excise taxes any qualified

1 person or firm involved with a newly constructed, or a
2 moderately or substantially rehabilitated, project that is:

3 (1) Developed under a government assistance program
4 approved by the department of Hawaiian home lands;

5 (2) Developed under the sponsorship of a private nonprofit
6 organization providing home rehabilitation or new
7 homes for qualified families in need of decent, low-
8 cost housing;

9 (3) Developed by a qualified person or firm to provide
10 affordable rental housing where at least fifty per
11 cent of the available units are for households with
12 incomes at or below eighty per cent of the area median
13 family income as determined by the United States
14 Department of Housing and Urban Development; or

15 (4) Developed by contract or project developer agreement
16 to provide affordable housing through new construction
17 or substantial rehabilitation; provided 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
21 for all projects approved and certified by the
22 department of Hawaiian home lands; and

1 (B) At least twenty per cent of the available units
2 are for households with incomes at or below
3 eighty per cent of the area median family income
4 as determined by the United States Department of
5 Housing and Urban Development.

6 (c) To obtain certification for exemption under this
7 section, housing projects shall, unless exempted by the
8 department of Hawaiian home lands, be covered by a regulatory
9 agreement with the department of Hawaiian home lands to ensure
10 the project's continued compliance with the applicable
11 eligibility requirements set forth in subsection (b).

12 (d) All claims for exemption under this section shall be
13 filed with and certified by the department of Hawaiian home
14 lands and forwarded to the department of taxation. Any claim
15 for exemption that is filed and approved, shall not be
16 considered a subsidy.

17 (e) For purposes of this section:

18 "Moderate rehabilitation" means rehabilitation to upgrade a
19 dwelling unit to a decent, safe, and sanitary condition, or to
20 repair or replace major building systems or components in danger
21 of failure.

22 "Substantial rehabilitation":

H.B. NO. 967

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

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

(f) The department of Hawaiian home lands may establish,
revise, charge, and collect a reasonable service fee, as
necessary, in connection with its approvals and certifications
under this section. The fees shall be deposited into the
Hawaiian home administration account."

SECTION 3. New statutory material is underscored.

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

INTRODUCED BY: 

BY REQUEST
JAN 25 2021

H.B. NO. 967

Report Title:

Housing; General Excise Tax Exemption

Description:

Exempts any housing development for the Department of Hawaiian Home Lands from general excise taxes.

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JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: Exempt any housing development for the Department of Hawaiian Home Lands from general excise taxes.

MEANS: Adds a new section to Chapter 237, Hawaii Revised Statutes.

JUSTIFICATION: The Department of Hawaiian Home Lands provides housing at affordable rates when compared to similar housing available in Hawaii. In order to further the interest of beneficiaries of the Hawaiian Homes Commission Act, any housing development for the Department of Hawaiian Home Lands should be exempt from general excise taxes.

Impact on the public: This proposal further protects the interest of beneficiaries of the Hawaiian Homes Commission Act by exempting any housing development for the Department of Hawaiian Home Lands from general excise taxes.

Impact on the department and other agencies: More funding could be allocated toward the development of housing instead of taxes.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HHL 625.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.