
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

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

1 PART I

2 SECTION 1. The legislature finds that lands utilized by
3 the department of Hawaiian home lands to provide housing for
4 native Hawaiians are offered at affordable rates when compared
5 to similar housing available in Hawaii.

6 The purpose of this part is to exempt certain projects for
7 the department of Hawaiian home lands from general excise taxes.

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

11 "§237- Exemptions for any development of homestead lots
12 or housing for the department of Hawaiian home lands. (a) Any
13 amounts related to planning, design, financing, or construction
14 activities conducted by a qualified person or firm for a new
15 construction, moderate rehabilitation, or substantial
16 rehabilitation project for homestead lots or housing for the



1 department of Hawaiian home lands shall be exempt from the tax
2 imposed by this chapter. The project may also be developed:

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

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

9 (3) To provide affordable rental housing on Hawaiian home
10 lands where at least fifty per cent of the available
11 units are for households with incomes at or below
12 eighty per cent of the area median family income as
13 determined by the United States Department of Housing
14 and Urban Development.

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

20 (c) The department of Hawaiian home lands may establish,
21 revise, charge, and collect a reasonable service fee in



1 connection with its approvals and certifications of the
2 exemption under this section. The fees shall be deposited into
3 the Hawaiian home operating fund pursuant to section 213(e) of
4 the Hawaiian Homes Commission Act, 1920, as amended.

5 (d) For purposes of this section:

6 "Homestead lot" means a lot of residential, agricultural,
7 or pastoral use to be awarded pursuant to the Hawaiian Homes
8 Commission Act, 1920, as amended, including but not limited to
9 on- and off-site infrastructure requirements, appurtenances, and
10 dwelling units.

11 "Moderate rehabilitation" shall have the same meaning as
12 defined in section 201H-36.

13 "Qualified person or firm" means any individual,
14 partnership, joint venture, corporation, association, limited
15 liability partnership, limited liability company, business,
16 trust, or any organized group of persons or legal entities, or
17 any combination thereof, that possesses all professional or
18 vocational licenses necessary to do business in the State.

19 "Substantial rehabilitation" shall have the same meaning as
20 defined in section 201H-36."



1 SECTION 3. Section 238-3, Hawaii Revised Statutes, is
2 amended by amending subsection (j) to read as follows:

3 "(j) The tax imposed by this chapter shall not apply to
4 any use of property, services, or contracting exempted by
5 section 237-26 [~~or section~~], 237-29[-], or 237-_____."

6 PART II

7 SECTION 4. The legislature finds that lands utilized by
8 the department of Hawaiian home lands to provide housing for
9 native Hawaiians are offered at affordable rates when compared
10 to similar housing available in Hawaii. Since the enactment of
11 the Hawaiian Homes Commission Act, 1920, as amended, lands set
12 aside for use as Hawaiian home lands have been withdrawn for
13 other purposes, including public schools. Moreover, development
14 on Hawaiian home lands often accounts for educational facilities
15 that may be needed to support the community with the siting of
16 public schools, public charter schools, early learning
17 facilities, and other similar facilities on or near Hawaiian
18 home lands.

19 The purpose of this part is to make permanent the exemption
20 of certain housing developed by the department of Hawaiian home
21 lands from school impact fee requirements.



1 SECTION 5. Section 302A-1603, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The following shall be exempt from this section:

4 (1) Any form of housing permanently excluding school-aged
5 children, with the necessary covenants or declarations
6 of restrictions recorded on the property;

7 (2) Any form of housing that is or will be paying the
8 transient accommodations tax under chapter 237D;

9 (3) All nonresidential development;

10 (4) Any development with an executed education
11 contribution agreement or other like document with the
12 authority or the department for the contribution of
13 school sites or payment of fees for school land or
14 school construction; and

15 (5) Any form of housing developed where new housing units
16 are created by the department of Hawaiian home lands
17 for use by beneficiaries of the Hawaiian Homes
18 Commission Act, 1920, as amended."

19 SECTION 6. Act 197, Session Laws of Hawaii 2021, is
20 amended by amending section 6 to read as follows:



1 "SECTION 6. This Act shall take effect upon its approval[~~+~~
2 ~~provided that on July 1, 2024, section 1 of this Act shall be~~
3 ~~repealed and section 302A-1603(b), Hawaii Revised Statutes,~~
4 ~~shall be reenacted in the form in which it read on the day prior~~
5 ~~to the effective date of this Act]."~~

6 PART III

7 SECTION 7. The purpose of this part is to correct the
8 lapse date for the appropriation under Act 279, Session Laws of
9 Hawaii 2022, and to appropriate funds for the purposes of Act
10 279, Session Laws of Hawaii 2022, for the current fiscal year.

11 SECTION 8. Act 279, Session Laws of Hawaii 2022, is
12 amended by amending section 6 to read as follows:

13 "SECTION 6. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$600,000,000 or so
15 much there of as may be necessary for fiscal year 2021-2022 for
16 the purposes of this Act; provided that any moneys not expended
17 or encumbered for specific purposes shall lapse to the general
18 fund on June 30, [~~2025-~~] 2023.

19 The sum appropriated shall be expended by the department of
20 Hawaiian home lands for the purposes of this Act."



1 SECTION 9. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2023-2024 for
4 the purposes of Act 279, Session Laws of Hawaii 2022; provided
5 that any moneys not encumbered for specific purposes shall lapse
6 to the general fund on June 30, 2025.

7 The sum appropriated shall be expended by the department of
8 Hawaiian home lands for the purposes of Act 279, Session Laws of
9 Hawaii 2022.

10 PART IV

11 SECTION 10. Section 46-15.1, Hawaii Revised Statutes, is
12 amended by amending subsection (b) to read as follows:

13 "(b) Each county shall recognize housing units developed
14 by the department of Hawaiian home lands and issue affordable
15 housing credits to the department of Hawaiian home lands[-] for
16 development where new housing units are created. The credits
17 shall be transferable and shall be issued on a one-credit for
18 one-unit basis, unless the housing unit is eligible for
19 additional credits as provided by adopted county ordinances,
20 rules, or any memoranda of agreement between a county and the
21 department of Hawaiian home lands. In the event that credits



1 are transferred by the department of Hawaiian home lands,
2 twenty-five per cent of any monetary proceeds from the transfer
3 shall be used by the department of Hawaiian home lands to
4 develop units for rental properties. Credits shall be issued
5 for each single-family residence, multi-family unit, other
6 residential unit, whether for purposes of sale or rental, or if
7 allowed under the county's affordable housing programs, vacant
8 lot, developed by the department of Hawaiian home lands. The
9 credits may be applied county-wide within the same county in
10 which the credits were earned to satisfy affordable housing
11 obligations imposed by the county on market-priced residential
12 and [~~non-residential~~] nonresidential developments. County-wide
13 or project-specific requirements for housing class, use, or
14 type; or construction time for affordable housing units shall
15 not impair, restrict, or condition the county's obligation to
16 apply the credits in full satisfaction of all county
17 requirements, whether by rule, ordinance, or particular zoning
18 conditions of a project. Notwithstanding any provisions herein
19 to the contrary, the department may enter into a memorandum of
20 agreement with the county of Kauai, the city and county of
21 Honolulu, or the county of Hawaii, to establish, modify, or



1 clarify the conditions for the issuance, transfer, and
2 redemption of the affordable housing credits in accordance with
3 ~~[county] the applicable county's~~ affordable housing ordinances
4 or rules. ~~[Notwithstanding any provisions herein to the~~
5 ~~contrary, the department may enter into a memorandum of~~
6 ~~agreement with the city and county of Honolulu to establish,~~
7 ~~modify, or clarify the conditions for the issuance, transfer,~~
8 ~~and redemption of the affordable housing credits in accordance~~
9 ~~with county affordable housing ordinances or rules.]~~ At least
10 half of the affordable housing credits issued by the city and
11 county of Honolulu shall be subject to a memorandum of agreement
12 pursuant to this subsection.

13 For purposes of this section, "affordable housing
14 obligation" means the requirement imposed by a county,
15 regardless of the date of its imposition, to develop vacant
16 lots, single-family residences, multi-family residences, or any
17 other type of residence for sale or rent to individuals within a
18 specified income range."

19 SECTION 11. Act 141, Session Laws of Hawaii 2009, as
20 amended by section 3 of Act 102, Session Laws of Hawaii 2015, as



1 amended by section 1 of Act 80, Session laws of Hawaii 2019, is
2 amended by amending section 3 to read as follows:

3 "SECTION 3. This Act shall take effect on July 1, 2009[~~+~~
4 ~~provided that on June 30, 2024, this Act shall be repealed and~~
5 ~~section 46-15.1, Hawaii Revised Statutes, shall be reenacted in~~
6 ~~the form in which it read on the day before the approval of this~~
7 ~~Act]."~~

8 SECTION 12. Act 98, Session Laws of Hawaii 2012, as
9 amended by section 4 of Act 102, Session Laws of Hawaii 2015, as
10 amended by section 50 of Act 55, Session Laws of Hawaii 2016, as
11 amended by section 2 of Act 80, Session Laws of Hawaii 2019, is
12 amended by amending section 3 to read as follows:

13 "SECTION 3. This Act shall take effect upon its approval[~~+~~
14 ~~and shall be repealed on July 1, 2024; provided that section 46-~~
15 ~~15.1, Hawaii Revised Statutes, shall be reenacted pursuant to~~
16 ~~section 3 of Act 141, Session Laws of Hawaii 2009, and section~~
17 ~~23 of Act 96, Session Laws of Hawaii 2014]."~~

18 PART V

19 SECTION 13. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 14. This Act shall take effect on January 1, 2024.



Report Title:

DHHL; Housing Development; General Excise Tax Exemption; School Impact Fee Exemption; Affordable Housing Credits; Appropriation

Description:

Exempts certain projects for the Department of Hawaiian Home Lands from general excise taxes. Makes permanent the exemption of certain housing developed by the Department of Hawaiian Home Lands from school impact fee requirements. Ensures that the \$600,000,000 appropriated to the Department of Hawaiian Home Lands in Act 279, Session Laws of Hawaii 2022, is available for expenditure until June 30, 2025. Makes permanent the issuance of county affordable housing credits to the Department of Hawaiian Home Lands. Effective 1/1/2024. (SD1)

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

