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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. The legislature finds that homestead lots or  
2 housing developed for the department of Hawaiian home lands  
3 awarded to native Hawaiians are offered at rates that are  
4 affordable when compared to similar housing opportunities  
5 available in Hawaii.

6           The purpose of this Act is to exempt any development of  
7 homestead lots or housing for the department of Hawaiian home  
8 lands from general excise and use taxes.

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

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



1 department of Hawaiian home lands shall be exempted from the tax  
2 imposed by this chapter; provided that the project shall be  
3 awarded to and occupied by beneficiaries of the department of  
4 Hawaiian home lands. The project may also be developed:

- 5     (1) Under a government assistance program approved by the  
6         department of Hawaiian home lands;
- 7     (2) Under the sponsorship of a nonprofit organization  
8         providing home rehabilitation or new homes on Hawaiian  
9         home lands for qualified families in need of decent,  
10        low-cost housing; or
- 11    (3) To provide affordable rental housing where at least  
12        fifty per cent of the available units are for  
13        households with incomes at or below eighty per cent of  
14        the area median family income, as determined by the  
15        United States Department of Housing and Urban  
16        Development.

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



1       (c) The department of Hawaiian home lands may establish,  
2 revise, charge, and collect a reasonable service fee in  
3 connection with its approvals and certifications of the  
4 exemption under this section. The fees shall be deposited into  
5 the Hawaiian home operating fund pursuant to section 213(e) of  
6 the Hawaiian Homes Commission Act, 1920, as amended.

7       (d) For the purposes of this section:

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

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

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



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

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

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

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

10       SECTION 5. This Act shall take effect on July 1, 2024.



**Report Title:**

DHHL; General Excise Tax Exemption; Use Tax Exemption

**Description:**

Exempts any development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes. (SD1)

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