
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 affordable rates when
4 compared to similar housing opportunities available in Hawaii.
5 The purpose of this Act is to exempt any development of
6 homestead lots or housing for the department of Hawaiian home
7 lands from general excise and use 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) This
13 chapter shall not apply to gross proceeds of sale or gross
14 income arising from the planning, design, financing, or
15 construction of any development of homestead lots or housing for
16 the department of Hawaiian home lands as provided in this
17 section.

1 (b) The exemption eligibility shall be approved by the
2 department of Hawaiian home lands and shall apply to the amounts
3 derived by any qualified person or firm from a newly constructed
4 or a moderately or substantially rehabilitated project that is
5 developed:

6 (1) For the department of Hawaiian home lands;

7 (2) Under a government assistance program approved by the
8 department of Hawaiian home lands;

9 (3) Under the sponsorship of a nonprofit organization
10 providing home rehabilitation or new homes for
11 qualified families in need of decent, low-cost
12 housing; or

13 (4) To provide affordable rental housing where at least
14 fifty per cent of the available units are for
15 households with incomes at or below eighty per cent of
16 the area median family income as determined by the
17 United States Department of Housing and Urban
18 Development.

19 (c) All claims for exemption under this section shall be
20 filed with and certified by the department of Hawaiian home
21 lands and forwarded to the department of taxation by the

1 claimant. Any claim for exemption that is filed and approved
2 shall not be considered a subsidy.

3 (d) The department of Hawaiian home lands may establish,
4 revise, charge, and collect a reasonable service fee in
5 connection with its approvals and certifications of the
6 exemption under this section. The fees shall be deposited into
7 the Hawaiian home operating fund.

8 (e) For purposes of this section:

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

14 "Moderately rehabilitated" means:

15 (1) Rehabilitation to upgrade a dwelling unit to a
16 decent, safe, and sanitary condition; or

17 (2) Repair or replacement of major building systems or
18 components in danger of failure.

19 "Substantially rehabilitated" means the improvement of a
20 property to a decent, safe, and sanitary condition that requires
21 more than routine or minor repairs or improvements. It may
22 include but shall not be limited to:

- 1 (1) The gutting and extensive reconstruction of a dwelling
- 2 unit;
- 3 (2) Cosmetic improvements coupled with the curing of a
- 4 substantial accumulation of deferred maintenance; or
- 5 (3) The renovation, alteration, or remodeling to convert
- 6 or adapt structurally sound property to the design and
- 7 condition required for a specific use, such as
- 8 conversion of a hotel to housing for elders."

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

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

14 SECTION 4. Statutory material to be repealed is bracketed
 15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act, upon its approval, shall take effect
 17 on January 1, 2024.

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INTRODUCED BY: 

20

BY REQUEST
JAN 23 2023

H.B. NO. 1055

Report Title:

Department of Hawaiian Home Lands; 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.

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

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO HOUSING.

PURPOSE: To exempt any development of homestead lots or housing for the Department of Hawaiian Home Lands from general excise and use taxes.

MEANS: Add a new section to chapter 237 and amend section 238-3(j), Hawaii Revised Statutes.

JUSTIFICATION: The savings resulting from the exemption from general excise and use taxes that the Department of Hawaiian Home Lands can potentially accrue from this measure would be applied to the development of additional housing and associated infrastructure. This additional saving would allow the Department to more fully commit the funding received toward its mission, encouraging and enabling the production of more homestead lots or housing units for beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended.

Impact on the public: This bill further protects the interest of beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended, by exempting any development of homestead lots or housing, which includes moderately or substantially rehabilitated projects, for the Department of Hawaiian Home Lands from general excise and use taxes.

Impact on the department and other agencies: More funding could be allocated toward the development of homestead lots or housing.

GENERAL FUND: \$1,000,000 is the estimated amount of lost tax revenue.

OTHER FUNDS: None.

H.B. NO. 1655

PPBS PROGRAM
DESIGNATION:

HHL 625.

OTHER AFFECTED
AGENCIES:

Department of Taxation and Department of
Budget and Finance.

EFFECTIVE DATE:

January 1, 2024.