

JAN 23 2025

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) 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
17 department of Hawaiian home lands shall be exempted from the tax

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1 imposed by this chapter, including but not limited to a project
2 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 families qualified under the Hawaiian
8 Home Commission Act, 1920, as amended, in need of
9 decent, low-cost housing; or

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

16 (b) All claims for exemption under this section shall be
17 filed with and certified by the department of Hawaiian home
18 lands and forwarded to the department of taxation by the
19 claimant.

20 (c) For purposes of this section:

21 "Homestead lot" means a lot of residential, agricultural,
22 or pastoral use to be awarded pursuant to the Hawaiian Homes

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1 Commission Act, 1920, as amended, including but not limited to
2 on- and off-site infrastructure requirements, appurtenances, and
3 dwelling units.

4 "Moderate rehabilitation" shall have the same meaning as
5 defined in section 201H-36(d).

6 "Qualified person or firm" means any individual,
7 partnership, joint venture, corporation, association, limited
8 liability partnership, limited liability company, business,
9 trust, or any organized group of persons or legal entities, or
10 any combination thereof, that possesses all professional or
11 vocational licenses necessary to do business in the State.

12 "Substantial rehabilitation" shall have the same meaning as
13 defined in section 201H-36(d)."

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

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

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

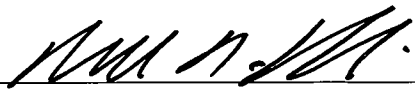
21 SECTION 5. This Act, upon its approval, shall take effect
22 on January 1, 2026.

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INTRODUCED BY: 

BY REQUEST

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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.

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 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 can potentially accrue from this bill 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, development 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 for the Department 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: \$1,500,000 is the estimated annual GET revenue loss.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HHL 625.

OTHER AFFECTED

AGENCIES:

Department of Taxation and Department of
Budget and Finance.

EFFECTIVE DATE:

January 1, 2026.