

A Bill for an Act Relating to Housing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 237-29, Hawaii Revised Statutes, is amended to read as follows:

“§237-29 Exemptions for certified low and moderate income housing.

[(a) For the purposes of this section “nonprofit corporation or association” means a mortgagor who qualifies for an insured mortgage loan under section 221 (d) (3), section 236, or section 202 of the National Housing Act as a nonprofit corporation or association.

(b) (a) All [of the] gross [proceeds] income received by [contractors] any person for the planning, design, financing, construction, sale, lease, or rental management in the State of [multiunit residential buildings developed, owned, and operated by nonprofit corporations or associations regulated by federal or state laws or by a political subdivision of the State or agencies thereof,] a housing project which has been certified under section 359G-15 shall be exempt from general excise taxes.

[(c)] (b) All [of the] gross [proceeds] income received from or on behalf of a tenant or lessee as rent for a [residential] dwelling unit in a nonprofit corporation or a limited distribution corporation housing project certified under section 359G-15 shall be exempt from general excise taxes.

(c) All claims for exemption under this section shall be certified by the Hawaii housing authority and forwarded to the director of taxation.

(d) The director of taxation and the director of the Hawaii housing authority shall[,] adopt rules pursuant to chapter 91 [, promulgate rules and regulations] necessary [to administer] for the purposes of this section.”

SECTION 2. Chapter 359G, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§359G- Exemption from tax on income and obligations. Income earned and obligations issued by a nonprofit entity determined to constitute a “public housing agency” pursuant to section 3(6) of the United States Housing Act of 1937, as amended, and which income and obligations are declared by the United States Department of Housing and Urban Development to be exempt from all taxation imposed by the United States pursuant to section 11(b) of such Act shall be exempt from all taxation now or hereafter imposed by the State.”

SECTION 3. Section 359G-15, Hawaii Revised Statutes, is amended to read as follows:

“§359G-15 Exemption from general excise [tax.] taxes. [Notwithstanding any other law to the contrary, all rents and proceeds received from housing or housing projects, including all gross proceeds received by contractors for the

construction of such housing or housing projects, developed pursuant to section 359G-6 and section 359G-11 shall be exempt from general excise or receipts taxes.]

(a) The authority may certify a housing project receiving government assistance for exemption from general excise taxes. At the request of the authority, the department of taxation shall exempt such [items] gross income from general excise [or receipts] taxes [for projects developed pursuant to section 359G-10.5 and section 359G-11.1].

(b) A claim for such exemption shall be filed with the director of taxation pursuant to rules adopted by the director of taxation. Such exemption as filed and approved, shall not be considered a subsidy for the purpose of this chapter.

(c) For the purpose of this section, "government assistance" means assistance under a low or moderate income housing program from the State or the United States or any of their political subdivisions, agencies, or instrumentalities, corporate or otherwise.

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored.¹

SECTION 5. This Act shall take effect on July 1, 1983.

(Approved June 8, 1983.)

Note

1. Edited pursuant to HRS §23G-16.5.