

ACT 237

S.B. NO. 1241

A Bill for an Act Relating to General Excise Tax Exemptions for Housing.

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

SECTION 1. Section 201E-205, Hawaii Revised Statutes, is amended to read as follows:

“§201E-205 Exemption from general excise taxes. (a) [The] In accordance with section 237-29, the corporation may approve and certify for exemption from general excise taxes any qualified person or firm involved with a newly constructed, or moderately or substantially rehabilitated project:

- (1) [developed] Developed under this chapter or chapter 356[.];
- (2) Developed under a government assistance program approved by the corporation, including, but not limited to, the Farmers Home Administration 502 program and Federal Housing Administration 235 program; or
- (3) Developed under the sponsorship of a private nonprofit corporation providing home rehabilitation or new homes for qualified families in need of decent, low-cost housing.

(b) All claims for exemption under this section shall be filed with and certified by the corporation and forwarded to the department of taxation. Any claim for exemption which is filed and approved, shall not be considered a subsidy for the purpose of this chapter.

(c) For the purposes of this section, “moderate rehabilitation” means rehabilitation to upgrade a unit to a decent, safe, and sanitary condition, or to repair or replace major building systems or components in danger of failure. “Substantial rehabilitation” means the improvement of a property to a decent, safe, and sanitary condition that requires more than routine or minor repairs or improvements and may include, but is not limited to, the gutting and extensive reconstruction of a unit or cosmetic improvements coupled with the curing of a substantial accumulation of deferred maintenance. Substantial rehabilitation also includes renovation, alteration, or remodeling to convert or adapt structurally sound property to the design and condition required for a specific use (e.g., conversion of a hotel to housing for the elderly).”

SECTION 2. Section 237-29, Hawaii Revised Statutes, is amended to read as follows:

“§237-29 Exemptions for certified [low and moderate income] or approved housing[.] projects. (a) All gross income received by any qualified person or firm for the planning, design, financing, construction, sale, or lease in the State of a housing project which has been certified or approved under section 201E-205 shall be exempt from general excise taxes.

(b) All gross income received by a nonprofit or a limited distribution mortgagor for a low and moderate income housing project certified or approved under section 201E-205 shall be exempt from general excise taxes.

(c) The director of taxation and the housing finance and development corporation shall adopt rules pursuant to chapter 91 for the purpose of this section, including any time limitation for such exemptions.”

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SECTION 3. The exemptions provided under section 237-29, Hawaii Revised Statutes, shall be applicable to and effective according to its terms to (a) all gross income received by any qualified person or firm for the planning, design, financing, construction, sale, or lease in the State of a housing project which has been certified or approved under Act 15 Session Laws of Hawaii 1988, and (b) all gross income received by a nonprofit or a limited distribution mortgagor for a lower-cost housing project certified or approved under Act 15, Session Laws of Hawaii 1988.

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

SECTION 5.¹ This Act shall take effect on July 1, 1989, provided that Section 3 of this Act, upon its approval, shall take effect retroactive to April 20, 1988.

(Approved June 8, 1989.)

Note

1. Section designation renumbered.