



GOV. MSG. NO. 1195

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 5, 2015

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 5, 2015, the following bill was signed into law:

SB971 SD1 HD1 CD1

RELATING TO TAXATION
ACT 095 (15)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO TAXATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 201H-36, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§201H-36[+] Exemption from general excise taxes. (a)

4 In accordance with section 237-29, the corporation may approve
5 and certify for exemption from general excise taxes any
6 qualified person or firm involved with a newly constructed, or
7 moderately or substantially rehabilitated project:

8 (1) Developed under this part;

9 (2) Developed under a government assistance program
10 approved by the corporation, including but not limited
11 to the United States Department of Agriculture 502
12 program and Federal Housing Administration 235
13 program;

14 (3) Developed under the sponsorship of a private nonprofit
15 organization providing home rehabilitation or new
16 homes for qualified families in need of decent, low-
17 cost housing; or



1 (4) Developed by a qualified person or firm to provide,
2 affordable rental housing where at least fifty per
3 cent of the available units are for households with
4 incomes at or below eighty per cent of the area median
5 family income as determined by the United States
6 Department of Housing and Urban Development, of which
7 at least twenty per cent of the available units are
8 for households with incomes at or below sixty per cent
9 of the area median family income as determined by the
10 United States Department of Housing and Urban
11 Development.

12 (b) To obtain certification for exemption under this
13 section, rental housing projects shall, unless exempted by the
14 corporation, enter into a regulatory agreement with the
15 corporation to ensure the project's continued compliance with
16 the applicable eligibility requirements set forth in subsection
17 (a), as follows:

18 (1) For moderate rehabilitation projects, a minimum term
19 of five years as specified in a regulatory agreement;



1 (2) For substantial rehabilitation projects, a minimum
2 term of ten years as specified in a regulatory
3 agreement; or

4 (3) For new construction projects, a minimum term of
5 thirty years from the date of issuance of the
6 certificate of occupancy.

7 [~~b~~] (c) All claims for exemption under this section shall
8 be filed with and certified by the corporation and forwarded to
9 the department of taxation. Any claim for exemption that is
10 filed and approved, shall not be considered a subsidy for the
11 purpose of this part.

12 [~~e~~] (d) For the purposes of this section:

13 "Moderate rehabilitation" means rehabilitation to upgrade a
14 dwelling unit to a decent, safe, and sanitary condition, or to
15 repair or replace major building systems or components in danger
16 of failure.

17 "Substantial rehabilitation":

18 (1) Means the improvement of a property to a decent, safe,
19 and sanitary condition that requires more than routine
20 or minor repairs or improvements. It may include but
21 is not limited to the gutting and extensive



1 reconstruction of a dwelling unit, or cosmetic
2 improvements coupled with the curing of a substantial
3 accumulation of deferred maintenance; and

4 (2) Includes renovation, alteration, or remodeling to
5 convert or adapt structurally sound property to the
6 design and condition required for a specific use, such
7 as conversion of a hotel to housing for elders.

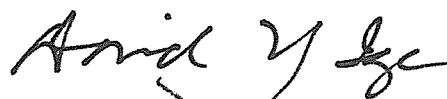
8 [~~(d)~~] (e) The corporation may establish, revise, charge,
9 and collect a reasonable service fee, as necessary, in
10 connection with its approvals and certifications under this
11 section. The fees shall be deposited into the dwelling unit
12 revolving fund."

13 SECTION 2. This Act does not affect rights and duties that
14 matured, penalties that were incurred, and proceedings that were
15 begun before its effective date.

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2015, and
19 shall apply to projects with an initial certification date after
20 June 30, 2015.

21 APPROVED this 5 day of JUN, 2015



GOVERNOR OF THE STATE OF HAWAII