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# 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  
8 shall be filed with and certified by the corporation and  
9 forwarded to the department of taxation. Any claim for  
10 exemption that is filed and approved, shall not be considered a  
11 subsidy for the 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, upon its approval, shall take effect  
19 on July 1, 2016, and shall apply to projects with an initial  
20 certification date after June 30, 2016.

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**Report Title:**

General Excise Tax Exemptions for Certified or Approved Housing Projects

**Description:**

Ensures that certain eligible housing projects will remain affordable for certain minimum periods in order to be certified for exemption from general excise taxes. (SD1)

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

