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# A BILL FOR AN ACT

RELATING TO GENERAL EXCISE TAX EXEMPTIONS FOR CERTIFIED OR  
APPROVED HOUSING PROJECTS.

**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



1 homes for qualified families in need of decent, low-  
2 cost housing; or

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

14 (b) A qualified person or firm involved with a project for  
15 rental housing seeking certification for an exemption from  
16 general excise taxes under this section shall, unless exempted  
17 by the corporation, enter into a regulatory agreement with the  
18 corporation to ensure continued compliance with the applicable  
19 eligibility requirements set forth in subsection (a), as  
20 follows:



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

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

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

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

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

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

19        "Substantial rehabilitation":

20        (1) Means the improvement of a property to a decent, safe,  
21        and sanitary condition that requires more than routine



1 or minor repairs or improvements. It may include but  
 2 is not limited to the gutting and extensive  
 3 reconstruction of a dwelling unit, or cosmetic  
 4 improvements coupled with the curing of a substantial  
 5 accumulation of deferred maintenance; and

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

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

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

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

19 SECTION 4. This Act shall take effect on July 1, 2050.



**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 to be certified for exemption from general excise taxes. (HB906 HD1)

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

