RELATING TO HOUSING.

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

SECTION 1. Section 201H-36, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) 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 a moderately or substantially rehabilitated, project that is:

(1) Developed under this part;

(2) Developed under a government assistance program approved by the corporation, including but not limited to the United States Department of Agriculture's section 502 direct loan program and Federal Housing Administration's section 235 program;

(3) Developed under the sponsorship of a private nonprofit organization providing home rehabilitation or new homes for qualified families in need of decent, low-cost housing;
(4) Developed by a qualified person or firm to provide affordable rental housing where at least fifty per cent of the available units are for households with incomes at or below eighty per cent of the area median family income as determined by the United States Department of Housing and Urban Development, of which at least twenty per cent of the available units are for households with incomes at or below sixty per cent of the area median family income as determined by the United States Department of Housing and Urban Development; or

(5) Approved or certified from July 1, 2018, to June 30, 2030, and developed under a contract described in section 104-2(i)(2) by a qualified person or firm to provide affordable rental housing through new construction or substantial rehabilitation; provided that[

(A) The allowable general excise tax and use tax costs shall apply to contracting only and shall not exceed $30,000,000 per year in the aggregate
for all projects approved and certified by the corporation; and

(B) All available units are for households with incomes at or below one hundred forty per cent of the area median family income as determined by the United States Department of Housing and Urban Development, of which at least twenty per cent of the available units are for households with incomes at or below eighty per cent of the area median family income as determined by the United States Department of Housing and Urban Development; provided that an owner shall not refuse to lease a unit solely because the applicant holds a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937, as amended."

SECTION 2. Act 54, Session Laws of Hawaii 2017, section 5, as amended by Act 39, Session Laws of Hawaii 2018, section 4, is amended to read as follows:

"SECTION 5. This Act shall take effect on July 1, 2017[ and shall be repealed on June 30, 2030]; provided that[+]
(1) Section 3 of this Act shall apply to taxable years beginning after December 31, 2017, but shall not apply to projects certified or approved after June 30, 2030.[\(\text{and}\)]

(2) Section 104-2, Hawaii Revised Statutes, and section 201H-36, Hawaii Revised Statutes, shall be reenacted in the form in which they read on the day before the effective date of this Act]."
**Report Title:**
Rental Housing Projects; General Excise Tax Exemption; Section 8 Housing Choice Vouchers

**Description:**
Removes certain limits on costs eligible for a GET exemption for newly constructed or substantially renovated affordable rental housing projects. Makes permanent amendments to sections 104-2 and 201H-36, HRS, by Act 54, SLH 2017, as amended by Act 39, SLH 2018, relating to the types of rental housing projects that shall be exempt from GET and prevailing wages for the construction of certain rental housing projects, respectively. Effective 7/1/2050. (SD1)

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