
A BILL FOR AN ACT

RELATING TO RELIEF OF MANOA FLOOD VICTIMS.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Manoa flood victims; one-time income tax credit.

5 (a) There shall be allowed to each taxpayer who is not claimed
6 or is not otherwise eligible to be claimed as a dependent by
7 another taxpayer for federal or Hawaii state individual income
8 tax purposes, who files a net income tax return for a taxable
9 year, a one-time nonrefundable Manoa flood victim tax credit
10 that shall be deductible from the taxpayer's net income tax
11 liability imposed by this chapter.

12 (b) The amount of the nonrefundable tax credit shall be
13 equal to:

14 (1) The actual cost, not to exceed \$2,000 per taxpayer; or

15 (2) Ten per cent, not to exceed \$2,000 per taxpayer,

16 of the total losses incurred by the taxpayer for repairs,

17 insurance, rental, or other expenses or costs related to damage

18 caused to the taxpayer's real or personal property by the heavy



1 rain and flood in late October of 2004 in Manoa, Oahu; provided
2 that the limit of \$2,000 per taxpayer applies to the entire
3 period for which the tax credit is available; and provided
4 further that no refund or payment on account of the tax credit
5 allowed by this section shall be made for amounts less than \$1.

6 (c) In the case of a partnership, S corporation, estate,
7 trust, or association of apartment owners, the tax credit
8 allowable is for expenses incurred and paid for by the entity
9 for the taxable year. The cost upon which the tax credit is
10 computed shall be determined at the entity level. Distribution
11 and share of credit shall be determined pursuant to section 235-
12 110.7(a).

13 (d) If a deduction is taken under Section 179 (with
14 respect to election to expense certain depreciable business
15 assets) of the Internal Revenue Code, no tax credit shall be
16 allowed for that portion of the expenses for which the deduction
17 is taken.

18 (e) The basis of eligible property for depreciation or
19 accelerated cost recovery system purposes for state income taxes
20 shall be reduced by the amount of credit allowable and claimed.
21 In the alternative, the taxpayer shall treat the amount of the
22 credit allowable and claimed as a taxable income item for the



1 taxable year in which it is properly recognized under the method
2 of accounting used to compute taxable income.

3 (f) To qualify for the income tax credit, the taxpayer
4 shall be in compliance with all applicable federal, state, and
5 county statutes, rules, and regulations.

6 (g) If the tax credit under this section exceeds the
7 taxpayer's net income tax liability, any excess of the tax
8 credit may be used as a credit against the taxpayer's income tax
9 liability in subsequent taxable years until exhausted.

10 (h) Every claim, including amended claims, for the tax
11 credit under this section shall be filed on or before
12 December 31, 2007. Failure to meet the filing requirements of
13 this subsection shall constitute a waiver of the right to claim
14 the tax credit.

15 (i) The director of taxation shall prepare such forms as
16 may be necessary to claim a tax credit under this section, may
17 require proof of the claim for the tax credit, and may adopt
18 rules pursuant to chapter 91 to effectuate the purposes of this
19 section.

20 (j) No taxpayer that claims a tax credit for losses under
21 this section shall claim any other tax credit for the same
22 losses."



1 SECTION 2. New statutory material is underscored.

2 SECTION 3. This Act shall take effect upon its approval
3 and shall apply to taxable years beginning after December 31,
4 2003, and ending before January 1, 2007.



Report Title:

Tax Credit; Manoa Flood; Losses

Description:

Provides a capped, one-time, nonrefundable tax credit for losses incurred as a result of the Manoa flood of October 2004. (HB2943 HD1)

