
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. (a) There shall be allowed to each taxpayer
2 who is not claimed or is not otherwise eligible to be claimed as
3 a dependent by another taxpayer for federal or Hawaii state
4 individual income tax purposes, who files a net income tax
5 return for a taxable year, a one-time refundable Manoa flood
6 victim tax credit that shall be deductible from the taxpayer's
7 net income tax liability imposed by chapter 235.

8 (b) The amount of the refundable tax credit shall be equal
9 to ten per cent of the losses incurred by the taxpayer for
10 repairs, insurance, rental, or other expenses or costs related
11 to damage caused to the taxpayer's real or personal property by
12 the heavy rain and flood in late October of 2004 in Manoa, Oahu,
13 that are not reimbursable by insurance proceeds or disaster
14 relief payments from government agencies or non-profit
15 organizations; provided that the refundable tax credit shall be
16 ten per cent of the total loss not to exceed \$10,000 per
17 taxpayer; and provided further that no refund or payment on



1 account of the tax credit allowed by this section shall be made
2 for amounts less than \$1.

3 (c) Each taxpayer with an adjusted gross income of less
4 than \$75,000 may claim a tax credit under this section.

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

8 (e) In the event the allowed tax credit exceeds the
9 amount of the income tax payment due from the taxpayer, the
10 excess of credit over payment due shall be refunded to the
11 taxpayer; provided that an allowed tax credit properly claimed
12 by an individual who has no income tax liability shall be paid
13 to the individual; and provided further that no refund or
14 payment on account of the tax credit allowed by this section
15 shall be made for an amount less than \$1.

16 (f) In the case of a partnership, S corporation, estate,
17 trust, or association of apartment owners, the tax credit
18 allowable is for expenses incurred and paid for by the entity
19 for the taxable year. The cost upon which the tax credit is
20 computed shall be determined at the entity level. Distribution
21 and share of credit shall be determined pursuant to section
22 235-110.7(a).



1 (g) If a deduction is taken under section 179 (with
2 respect to election to expense certain depreciable business
3 assets) of the Internal Revenue Code, no tax credit shall be
4 allowed for that portion of the expenses for which the deduction
5 is taken.

6 The basis of eligible property for depreciation or
7 accelerated cost recovery system purposes for state income taxes
8 shall be reduced by the amount of credit allowable and claimed.
9 In the alternative, the taxpayer shall treat the amount of the
10 credit allowable and claimed as a taxable income item for the
11 taxable year in which it is properly recognized under the method
12 of accounting used to compute taxable income.

13 (h) No taxpayer that claims the tax credit under this
14 section shall claim any other credit for the same losses or
15 other expenses or costs.

16 (i) Every claim, including amended claims, for the tax
17 credit under this section shall be filed on or before
18 December 31, 2007. Failure to meet the filing requirements of
19 this subsection shall constitute a waiver of the right to claim
20 the tax credit.

21 (j) The director of taxation shall prepare any forms as
22 may be necessary to claim a tax credit under this section, may



1 require proof of the claim for the tax credit, and may adopt
2 rules pursuant to chapter 91 to effectuate the purposes of this
3 section.

4 SECTION 2. This Act shall take effect upon its approval
5 and shall apply to taxable years beginning after December 31,
6 2003, and ending before January 1, 2007.



SB 3037 SD2

HD1

Report Title:

Tax Credit; Manoa Flood

Description:

Provides a one-time refundable tax credit to victims of the Manoa flood of October 2004. (SB3037 HD1)

SB3037 HD1 HMS 2006-3041

