
A BILL FOR AN ACT

RELATING TO INCOME TAX CREDIT.

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 nonrefundable flood victim
6 tax credit that shall be deductible from the taxpayer's net
7 income tax liability imposed by chapter 235.

8 (b) The amount of the nonrefundable tax credit shall be
9 ten per cent of the losses incurred by the taxpayer for repairs,
10 insurance, rental, or other expenses or costs related to the
11 damage caused to the taxpayer's real or personal property by the
12 heavy rain and flood:

- 13 (1) In late October of 2004 in Manoa, Oahu; or
14 (2) In March of 2006 in Windward Oahu, including the areas
15 from Kaneohe to Kahuku, Oahu;

16 provided that:



- 1 (1) The expenses or costs are not reimbursable by
2 insurance proceeds or disaster relief payments from
3 government agencies or non-profit organizations;
- 4 (2) The tax credit shall not exceed \$10,000 per taxpayer;
5 and
- 6 (3) No refund or payment on account of the tax credit
7 allowed by this section shall be made for amounts less
8 than \$1.

9 (c) To qualify for the income tax credit, the taxpayer
10 shall be in compliance with all applicable federal, state, and
11 county statutes, rules, and regulations.

12 (d) If the tax credit under this section exceeds the
13 taxpayer's net income tax liability, any excess of the tax
14 credit may be used as a credit against the taxpayer's income tax
15 liability in subsequent taxable years until exhausted.

16 (e) 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 (f) 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 (g) 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 (h) 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 (i) 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.



Report Title:

Tax Credit; Manoa; Windward Oahu; Flood

Description:

Provides a one-time nonrefundable tax credit to assist the victims of the Manoa flood and the Windward Oahu flood. (SD1)

