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# 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 nonrefundable 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 nonrefundable tax credit shall be  
9 equal 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 provided that the nonrefundable tax credit shall be ten per cent  
14 of the total loss or \$10,000 per taxpayer, whichever is greater;  
15 and provided further that no refund or payment on account of the  
16 tax credit allowed by this section shall be made for amounts  
17 less than \$1.



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

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

8 (e) In the case of a partnership, S corporation, estate,  
9 trust, or association of apartment owners, the tax credit  
10 allowable is for expenses incurred and paid for by the entity  
11 for the taxable year. The cost upon which the tax credit is  
12 computed shall be determined at the entity level. Distribution  
13 and share of credit shall be determined pursuant to section  
14 235-110.7(a).

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

20 The basis of eligible property for depreciation or  
21 accelerated cost recovery system purposes for state income taxes  
22 shall be reduced by the amount of credit allowable and claimed.



1 In the alternative, the taxpayer shall treat the amount of the  
2 credit allowable and claimed as a taxable income item for the  
3 taxable year in which it is properly recognized under the method  
4 of accounting used to compute taxable income.

5 (g) No taxpayer that claims the tax credit under this  
6 section shall claim any other credit for the same losses or  
7 other expenses or costs.

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

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

18 SECTION 2. This Act shall take effect upon its approval  
19 and shall apply to taxable years beginning after December 31,  
20 2003, and ending before January 1, 2007.



**Report Title:**

Tax Credit; Manoa Flood

**Description:**

Provides a one-time nonrefundable tax credit to victims of the Manoa flood of October 2004. (SD1)

