

Honolulu, Hawaii

FEB 08 2007

RE: S.B. No. 798  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Intergovernmental and Military Affairs, to which was referred S.B. No. 798 entitled:

"A BILL FOR AN ACT RELATING TO DISASTER RELIEF,"

begs leave to report as follows:

The purpose of this measure is to create a one-time tax credit for victims of the October 15, 2006 earthquake.

Taxpayers who are not claimed or are not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes, who file a net income tax return for a taxable year, would be eligible for this one-time nonrefundable earthquake victim tax credit.

Testimony in support of this measure was submitted by the Department of Defense. The Department of Taxation submitted comments on this measure.

The Department of Taxation was unable to ascertain the fiscal impact of the measure since it is unknown how much of the losses incurred due to a disaster may be covered by insurance or government and charitable relief.

Your Committee finds that as a result of the October 15, 2006 earthquake, many residents of the State of Hawaii have suffered property damage to their real or personal property. Many victims do not have earthquake insurance and many have paid for home repairs and replacement of household furnishings out of their own

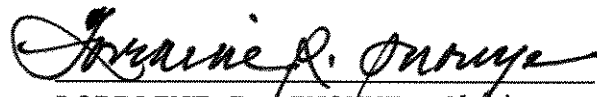


pockets. A one-time tax credit will allow victims to off-set some of their expenses from the damage caused by the October 15, 2006 earthquake.

Your Committee amended this measure by deleting subsection (d) in section 1, relating to qualified taxpayers certifying to the Department of Taxation that they are in compliance with all applicable federal, state, and county statutes, rules, and regulations, and therefore, eligible for the tax credit. This language was removed because the Department of Taxation does not have the staff necessary to carry out such a provision. Your Committee also made technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 798, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 798, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on  
behalf of the members of the  
Committee on Intergovernmental  
and Military Affairs,

  
LORRAINE R. INOUE, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Intergovernmental and Military Affairs**  
**IGM**

Bill / Resolution No.:* <b>SB 798</b>	Committee Referral: <b>IGM, EDT, WAM</b>	Date: <b>2/7/07</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUE, Lorraine R. (C)	/			
TSUTSUI, Shan S. (VC)	/			
HEMMINGS, Fred				/
<b>TOTAL</b>	<b>2</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:            Original    Yellow    Pink File with Committee Report    Clerk's Office    Drafting Agency				

\*Only one measure per Record of Votes