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# A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1           SECTION 1. (a) There shall be allowed to each taxpayer in  
2 the upcountry Maui area and other areas in the twelfth  
3 representative district who are not claimed, or are otherwise  
4 eligible to be claimed, as a dependant by another taxpayer for  
5 federal or Hawaii state individual income tax purposes, who  
6 files an income tax return for a taxable year, a one-time  
7 nonrefundable tax credit that shall be deducted from the  
8 taxpayer's net income tax liability imposed by chapter 235,  
9 Hawaii Revised Statutes.

10           (b) The amount of the non refundable tax credit shall be  
11           per cent of the losses incurred by the taxpayer for  
12 repairs, insurance, rental, or other expenses or costs related  
13 to the damage caused to the taxpayer's real or personal property  
14 in the upcountry Maui area and other affected areas in the  
15 twelfth representative district by the flood and wind storm of  
16 December of 2007, provided that:



1 (1) The expenses or costs are not reimbursed by insurance  
2 proceeds or disaster relief payments from government  
3 agencies or nonprofit organizations;

4 (2) The tax credit shall not exceed \$ 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) If the tax credit under this section exceeds the  
10 taxpayer's net income tax liability, any excess of the tax  
11 credit may be used as a credit against the taxpayer's income tax  
12 liability in subsequent taxable years until exhausted.

13 (d) If a deduction is taken under section 179 (with  
14 respect to election to expense certain depreciable businesses  
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 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) No taxpayer that claims the tax credit under this  
4 section shall claim any other credit for the same losses or  
5 other expenses or costs.

6 (g) Every claim, including amended claims, for the tax  
7 credit under this section shall be filed on or before  
8 December 31, 2008. Failure to meet the filing requirements of  
9 this subsection shall constitute a waiver of the right to claim  
10 the tax credit.

11 (h) The director of taxation:

12 (1) Shall determine the applicability of this Act with  
13 respect to the boundaries and locations of flood and  
14 wind storm of December 2007 in the upcountry Maui area  
15 and other affected areas in the twelfth representative  
16 district that are subject to this Act;

17 (2) Shall prepare any forms as may be necessary to claim a  
18 tax credit under this Act;

19 (3) May require proof of the claim for the tax credit; and

20 (4) May adopt rules pursuant to chapter 91, Hawaii Revised  
21 Statutes, to effectuate the purposes of this Act.



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

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INTRODUCED BY:

  
JAN 22 2008



**Report Title:**

Tax Credit; Storm Damage; Upcountry Maui

**Description:**

Provides a one-time nonrefundable tax credit to assist the victims of the December 2007 flood and wind storm in upcountry Maui and other areas of the 12th representative district.

