

JAN 22 2008

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

8 (b) The amount of the nonrefundable tax credit shall be
9 per cent of the losses incurred by the taxpayer for
10 repairs, insurance, rental, or other expenses or costs related
11 to the damage caused to the taxpayer's real or personal property
12 by the brushfires in Waialua, Oahu in 2007, provided that:

13 (1) The expenses or costs are not reimbursable by
14 insurance proceeds or disaster relief payments from
15 government agencies or non-profit organizations;

16 (2) The tax credit shall not exceed \$ per taxpayer;
17 and



1 (3) No refund or payment on account of the tax credit
2 allowed by this section shall be made for amounts less
3 than \$1.

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

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

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

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



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

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

11 (h) Every claim, including amended claims, for the tax
12 credit under this section shall be filed on or before
13 December 31, 2008. Failure to meet the filing requirements of
14 this subsection shall constitute a waiver of the right to claim
15 the tax credit.

16 (i) The director of taxation:

17 (1) Shall determine the applicability of this Act with
18 respect to the boundaries and locations of Wailua
19 brushfires in 2007 subject to this Act;

20 (2) Shall prepare any forms as may be necessary to claim a
21 tax credit under this section;

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



1 (4) May adopt rules pursuant to chapter 91 to effectuate
2 the purposes of this Act.

3 SECTION 2. This Act shall take effect upon its approval
4 and shall apply to taxable years beginning after December 31,
5 2007.

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Report Title:

Tax Credit; Waialua Brushfire

Description:

Provides a one-time nonrefundable tax credit to assist the victims of the Waialua brushfires on Oahu in 2007.

