
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 located in senate district twenty-two, who was financially
3 harmed by the 2007 Waialua brushfires, a one-time nonrefundable
4 tax credit that shall be deductible from the taxpayer's net
5 income tax liability imposed by chapter 235, Hawaii Revised
6 Statutes, if the taxpayer is not claimed or is not otherwise
7 eligible to be claimed as a dependent by another taxpayer for
8 federal or state individual income tax purposes, on the
9 taxpayer's net income tax return.

10 (b) The amount of the nonrefundable tax credit shall be
11 per cent of the expenses or costs incurred by the taxpayer
12 for repairs, insurance, rental, or other expenses or costs
13 related to the damage caused to the taxpayer's real or personal
14 property by the brushfires in Waialua, Oahu in 2007, provided
15 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 \$ 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 or costs incurred and paid for by the
19 entity for the taxable year. The cost upon which the tax credit
20 is computed shall be determined at the entity level.
21 Distribution and share of credit shall be determined pursuant to
22 section 235-110.7(a), Hawaii Revised Statutes.



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, as it relates to
8 state income taxes, shall be reduced by the amount of credit
9 allowable and claimed. In the alternative, the taxpayer shall
10 treat the amount of the credit allowable and claimed as a
11 taxable income item for the taxable year in which it is properly
12 recognized under the method of accounting used to compute
13 taxable income.

14 (g) No taxpayer that claims the tax credit under this
15 section shall claim any other credit for the same expenses or
16 costs.

17 (h) Every claim, including amended claims, for the tax
18 credit under this section shall be filed on or before
19 December 31, 2008. Failure to meet the filing requirements of
20 this subsection shall constitute a waiver of the right to claim
21 the tax credit.

22 (i) The director of taxation:



- 1 (1) Shall limit the applicability of this Act with respect
2 to the boundaries and locations of Waialua brushfires
3 in 2007 subject to this Act to senate district twenty-
4 two;
- 5 (2) Shall prepare any forms as may be necessary to claim a
6 tax credit under this section;
- 7 (3) May require proof of the claim for the tax credit; and
- 8 (4) May adopt rules pursuant to chapter 91 to effectuate
9 the purposes of this Act.

10 SECTION 2. This Act shall take effect upon its approval
11 and shall apply to taxable years beginning after December 31,
12 2007.



Report Title:

Tax Credit; Waialua Brushfire

Description:

Provides a one-time nonrefundable tax credit to victims of the 2007 Waialua brushfires that are located in senate district twenty-two. (SD1)

