

JAN 23 2008

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# A BILL FOR AN ACT

RELATING TO DROUGHT MITIGATION TAX CREDIT.

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

1           SECTION 1. The legislature finds that farmers and ranchers  
2 during periods of drought suffer from crop and livestock losses  
3 that often require years to recover. Crop and livestock losses  
4 affect not only their income, but also have ancillary economic  
5 repercussions for hired workers, agricultural suppliers, and  
6 state tax revenues. These losses can be minimized by the  
7 construction of water storage facilities to alleviate water  
8 problems during times of drought.

9           The purpose of this Act is to provide an income tax credit  
10 for the construction of drought mitigation water storage  
11 facilities.

12           SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
13 amended by adding a new section to be appropriately designated  
14 and to read as follows:

15           "§235-    Drought mitigation tax credit.   (a) There shall  
16 be allowed to each individual taxpayer who is not claimed or is  
17 not otherwise eligible to be claimed as a dependent by another  
18 taxpayer for federal or state income tax purposes, a drought



1 mitigation tax credit that shall be deductible from the eligible  
2 taxpayer's net income tax liability imposed by this chapter for  
3 the taxable year in which the tax credit is properly claimed.

4 (b) The tax credit shall be an amount equal to fifty per  
5 cent of the cost paid by the taxpayer for the construction of a  
6 new water storage facility or repair or reconstruction of an  
7 existing water storage facility necessary for drought mitigation  
8 purposes; provided that the tax credit per taxpayer shall not  
9 exceed \$ \_\_\_\_\_.

10 (c) As used in this section, "water storage facility"  
11 means a storage facility and associated infrastructure that is  
12 part of a conservation plan approved by the local soil and water  
13 conservation district.

14 (d) To qualify for the tax credit, the taxpayer shall be  
15 in compliance with all applicable federal, state, and county  
16 statutes, rules, and regulations.

17 (e) If the tax credit under this section exceeds the  
18 taxpayer's net income tax liability, the amount of the excess  
19 tax credit shall be paid to the eligible taxpayer; provided that  
20 no refund or payment on account of the tax credit allowed by  
21 this section shall be made for amounts less than \$1.



# S.B. NO. 3156

1        (f) Every claim, including amended claims, for the tax  
 2 credit under this section shall be filed on or before the end of  
 3 the twelfth month following the close of the taxable year for  
 4 which the tax credit may be claimed. Failure to meet the filing  
 5 requirements of this subsection shall constitute a waiver of the  
 6 right to claim the tax credit.

7        (g) The director of taxation:

8        (1) Shall prepare forms as may be necessary to claim a tax  
 9        credit under this section;

10       (2) May require proof of the claim for the tax credit; and

11       (3) May adopt rules pursuant to chapter 91 to effectuate  
 12       the purposes of this section."

13       SECTION 3. New statutory material is underscored.

14       SECTION 4. This Act shall take effect upon its approval  
 15 and shall apply to taxable years beginning after December 31,  
 16 2009 and shall be repealed on December 31, 2015.

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INTRODUCED BY: \_\_\_\_\_

A handwritten signature, possibly 'J.R.', is written over the horizontal line following 'INTRODUCED BY:'. The signature is crossed out by a large, vertical, hand-drawn scribble.



**Report Title:**

Tax Credit; Agriculture

**Description:**

Provides a tax credit equal to 50% of the costs for construction of a new drought mitigation water storage facility, or repair or reconstruction of an existing water storage facility.

