

STAND. COM. REP. NO.

2031

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 2514
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Intergovernmental and Military Affairs, to which was referred S.B. No. 2514 entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to provide a one-time nonrefundable tax credit that is deductible from the taxpayer's net income tax liability for losses to the taxpayer's real or personal property, in the upcountry Maui area and other affected areas in the sixth senatorial district, caused by flood and wind storm damage in December of 2007.

Your Committee received testimony in support of this measure from the State Department of Defense. Comments were received from the Department of Taxation and Tax Foundation of Hawaii.

On December 4-7, 2007, a low pressure system caused very strong and gusty winds, topping out in the fifty to seventy miles or more per hour range along with heavy flooding and rainfall on Maui. On December 5, 2007, Kula and upcountry Maui experienced severe wind and rain damage. Rains were estimated to be in the six to eight inch range in a three-hour period over Waiohuli watershed including the Polipoli burn scar and forested section above Waianu Road. The storm qualified for a "100-year return period" based on data from the *Rainfall Frequency Atlas of the Hawaiian Islands*. The Kula rain event is considered a one hundred year event by the National Oceanic and Atmospheric Administration rain archival records.

2008-1061 SSCR SMA.doc



Official rainfall totals for Maui included Kula and Pukalani rain gauge readings of about one to four inches per day during the four day storm period. The highest rain gauge reading of nearly nine inches per day was recorded at Kaupo Gap station. Extensive flooding was also recorded downstream of Kula in the Hapapa watershed in Kihei Town along the ocean. Debris dams caused additional flow diversions, including moving one house one hundred meters off its foundation and undermining numerous other houses.

Testimony on this measure indicated that areas in the State other than Maui were also severely affected. Your Committee believes that all affected are

as of the State should be included in this measure.

Your Committee has amended this measure by:

- (1) Expanding geographic area covered by this measure to the entire State; and
- (2) Clarifying that the Department of Defense, acting as the State's Civil Defense agency, will assist the Department of Taxation in the determination of which areas of the State suffered damage that would be covered by this measure.

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. 2514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2514, 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.:* SB 2514 | Committee Referral: IGM, EDT, WAM | Date: Feb 1, 08 | | |
| <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 | / | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL | 3 | 0 | 0 | 0 |
| 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