A BILL FOR AN ACT

RELATING TO TAXATION.

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

SECTION 1. The legislature finds that due to an increase in the frequency and intensity of natural disasters, it is important for Hawaii residents to obtain adequate emergency supplies to sustain themselves during a disaster. The legislature also recognizes that the cost of obtaining emergency supplies may be a financial burden to Hawaii residents, who already face a high cost of living. Accordingly, the legislature believes that it is imperative to offer incentives for residents to take disaster preparedness action and to help families that may not be able to afford a disaster preparedness kit to acquire one.

The purpose of this Act is to establish a disaster preparedness supplies income tax credit that shall be deductible from each qualifying taxpayer's net income tax liability.

SECTION 2. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:
"§235- Disaster preparedness supplies income tax credit. (a) There shall be allowed to each taxpayer subject to
the tax imposed under this chapter, a disaster preparedness
supplies income tax credit that shall be deductible from the
taxpayer's net income tax liability, if any, imposed by this
chapter for the taxable year in which the credit is properly
claimed. Each taxpayer may claim the income tax credit only
once before January 1, 2026.

(b) The disaster preparedness supplies income tax credit
shall be equal to ______ per cent of the qualified expenses of
the taxpayer, up to a maximum of $500.

c) The director of taxation:
(1) Shall prepare any forms necessary to claim a tax
credit under this section;
(2) May require the taxpayer to furnish reasonable
information to ascertain the validity of the claim for
the tax credit made under this section; and
(3) May adopt rules under chapter 91 necessary to
effectuate the purposes of this section.

d) If the tax credit under this section exceeds the
taxpayer's income tax liability, the excess of the credit over
liability may be used as a credit against the taxpayer's income
tax liability in subsequent years until exhausted. All claims
for the tax credit under this section, including amended claims,
shall be filed on or before the end of the twelfth month
following the close of the taxable year for which the credit may
be claimed. Failure to comply with the foregoing provision
shall constitute a waiver of the right to claim the credit.

(e) As used in this section:
"Disaster" means any emergency, or imminent threat thereof,
which results or may likely result in substantial injury, harm,
or loss of life among the general population or substantial
damage to or loss of property of the general population,
including fire, flood, tsunami, volcanic eruption, earthquake,
high wind, or other natural causes or by enemy attack, sabotage,
or other hostile action.

"Prepackaged disaster preparedness kit" means a
comprehensive supply of nonperishable food, water, or other
necessary supplies intended for use in the event of a disaster,
manufactured and sold as a kit.

"Qualified expenses" means costs that are directly incurred
by the taxpayer to purchase one or more prepackaged disaster
preparedness kits for the taxpayer and, if applicable, the
taxpayer's household; provided that the aggregate contents of
the kit or kits do not exceed the amount of supplies necessary
to provide the taxpayer and the taxpayer's household a —day
supply of those contents."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act, upon its approval, shall apply to
taxable years beginning after December 31, 2018.
Report Title:
Income Tax Credit; Disaster Preparedness Supplies

Description:
Establishes an income tax credit for the purchase of household disaster preparedness supplies.

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