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# A BILL FOR AN ACT

RELATING TO AN INCOME TAX CREDIT.

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

1       SECTION 1. The legislature finds that climate change has  
2       warmed ocean waters, which has shifted the spawning area for  
3       hurricanes near Mexico farther north. This has caused  
4       hurricanes, which historically have passed several hundred miles  
5       south of the State, to follow paths aimed directly at the State.

6       The legislature further finds that the warmer ocean waters  
7       have also strengthened the intensity of hurricanes; as a result,  
8       hurricanes classified as Category 3, 4, and 5 have become  
9       stronger and more frequent. This strengthening has led climate  
10      change assessment models to modify predictions of Category 5  
11      hurricanes with two hundred miles per hour sustained winds from  
12      occurring every eight years to every year by 2080. These storms  
13      are also expected to mostly occur in the northern Pacific, in  
14      which Hawaii is located.

15      The legislature also finds that the natural features  
16      surrounding the State, including cooler surrounding waters,  
17      lower-level trade winds, and stronger upper-level winds in the



1 opposite direction, have protected the State by tearing apart  
2 approaching hurricanes. However, the warming waters and the  
3 loss of two days of trade winds each year for the past fifty  
4 years have eroded the number of days the State enjoys those  
5 protective features to only half of the days of the year.

6 The legislature finds that the increased risk to hurricane  
7 damage poses a significant danger to the State. Many of the  
8 State's refuge areas do not meet the standard to be deemed  
9 hurricane shelters, with few areas able to withstand a Category  
10 2 hurricane. Additionally, the refuge areas are only capable of  
11 sheltering one hundred thousand persons, but the estimated  
12 demand will be two hundred thousand persons. As a result, many  
13 residents will need to rely on their own residence; however,  
14 many wooden homes are not constructed to withstand a Category 1  
15 hurricane.

16 Therefore, the legislature believes there is a deep moral  
17 obligation to the people of Hawaii and future generations for  
18 the State to encourage homeowners to prepare their homes to  
19 withstand hurricanes with sustained winds in excess of two  
20 hundred miles per hour.



1 Accordingly, the purpose of this Act is to establish a  
2 nonrefundable income tax credit to financially assist qualified  
3 homeowners with the installation of approved wind resistive  
4 devices for hurricane preparedness of their homes.

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

8 "§235- Wind resistance retrofit tax credit. (a) There  
9 shall be allowed to each taxpayer who is not eligible to be  
10 claimed as a dependent for federal or state income taxes by  
11 another and who files an individual income tax return for a  
12 taxable year, a one-time nonrefundable wind resistance retrofit  
13 tax credit that shall be deductible from the taxpayer's net  
14 income tax liability imposed by this chapter.

15 (b) The amount of the nonrefundable tax credit shall be  
16 equal to per cent of the actual costs incurred by the  
17 taxpayer for the wind resistance retrofit project, including the  
18 costs of construction to make the taxpayer's primary residence  
19 meet specified wind resistance standards determined pursuant to  
20 subsection (c); provided that no payment on account of the tax



1 credit allowed by this section shall be made for amounts less  
2 than \$1.

3 (c) The standards for eligibility for the tax credit shall  
4 be determined by the insurance commissioner or the insurance  
5 commissioner's designee by rule. The taxpayer shall apply to  
6 the insurance division of the department of commerce and  
7 consumer affairs to pre-certify eligible wind resistance  
8 retrofit credit costs before wind resistance retrofit work  
9 begins. The insurance division shall cap the number of credits  
10 certified to two thousand in the first year of eligibility and  
11 four thousand in the second year of eligibility.

12 (d) All claims for the tax credit under this section,  
13 including any amended claims, shall be filed on or before the  
14 end of the twelfth month following the close of the taxable year  
15 for which the credit may be claimed. Failure to properly claim  
16 the credit shall constitute a waiver of the right to claim the  
17 credit.

18 (e) If the tax credit under this section exceeds the  
19 taxpayer's net income tax liability, the excess of the tax  
20 credit may be used as a credit against the taxpayer's income tax



1 liability in subsequent years until exhausted; provided that no  
2 credit under this section may exceed a period of        years.

3        (f) No taxpayer who claims the tax credit under this  
4 section shall claim any other credit for the same expenses or  
5 costs.

6        (g) The director of taxation:

7        (1) Shall prepare any forms that may be necessary to claim  
8 a tax credit under this section;

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

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

12        SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$                or so  
14 much thereof as may be necessary for fiscal year 2025-2026 and  
15 the same sum or so much thereof as may be necessary for fiscal  
16 year 2026-2027 for the pre-certification of the wind resistance  
17 retrofit tax credits, established pursuant to section 2 of this  
18 Act.

19        The sums appropriated shall be expended by the department  
20 of commerce and consumer affairs for the purposes of this Act.

21        SECTION 4. New statutory material is underscored.



1       SECTION 5. This Act shall take effect on July 1, 2050;  
2 provided that this Act, upon its approval, shall apply to  
3 taxable years beginning after December 31, 2025; provided  
4 further that this Act shall be repealed on January 1, 2028.



**Report Title:**

DOTAX; DCCA; Income Tax Credit; Wind Resistance Retrofit;  
Hurricane Preparedness; Insurance; Appropriations

**Description:**

Establishes a nonrefundable individual income tax credit for expenses paid to retrofit a residence with wind resistive devices. Requires the Department of Taxation to prepare forms. Requires the Department of Commerce and Consumer Affairs to pre-certify claims. Appropriates funds. Applies to taxable years beginning after 12/31/2025. Sunsets 1/1/2028. Effective 7/1/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

