
A BILL FOR AN ACT

RELATING TO A FIRE SPRINKLER TAX DEDUCTION.

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

1 SECTION 1. The purpose of this Act is to establish an
2 income tax deduction for owner occupants of residential housing
3 units for qualifying costs of automatic fire sprinkler systems
4 installed and placed into service after December 31, 2008.

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- Automatic fire sprinkler system; income tax
9 deduction. (a) There shall be allowed as a deduction from
10 gross income the amount paid during the taxable year by an
11 individual taxpayer or a married couple filing a joint return or
12 filing separately for qualifying costs to install an automatic
13 sprinkler system in a single-family residence or in a
14 residential or mixed use condominium or a cooperative housing
15 corporation for that portion of maintenance fees allocable to
16 qualifying costs to install an automatic fire sprinkler system
17 in the residential unit or building; provided that the
18 individual taxpayer or married couple filing a joint return or



1 filing separately are owner-occupants of the single-family
2 residence or a residential unit in the condominium or
3 cooperative housing project; and provided further that:

4 (1) The deduction shall be equal to the qualifying costs
5 of the automatic fire sprinkler system or a maximum of
6 \$7,000 per residential unit, whichever is less; and

7 (2) The automatic fire sprinkler system is placed into
8 service by a taxpayer after December 31, 2008.

9 (b) For the purposes of this section:

10 "Automatic fire sprinkler system" means an integrated
11 system of underground and overhead piping designed in accordance
12 with fire protection engineering standards. The portion of the
13 sprinkler system above ground shall consist of a network of
14 specially sized or hydraulically designed piping installed in a
15 building, a structure, or area, generally overhead and to which
16 sprinklers are connected in a systematic pattern. The valve
17 controlling each system riser shall be located in the system
18 riser or its supply piping. Each sprinkler system riser shall
19 include a device for activating an alarm when the system is in
20 operation. The device shall be normally activated by heat from
21 a fire and discharges water over the fire area.



1 "Qualifying costs" means costs incurred in purchasing or
 2 otherwise acquiring and installing an automatic fire sprinkler
 3 system, including but not limited to, accessories and
 4 installation, professional fees for design and construction, and
 5 government permit and access fees.

6 (c) The director of taxation:

7 (1) Shall require the taxpayer to furnish reasonable
 8 information to ascertain the validity of the claim for
 9 credit made under this section; and

10 (2) May adopt rules under chapter 91 as necessary to
 11 effectuate the purposes of this section."

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval
 14 and shall apply to taxable years beginning after December 31,
 15 2008.

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INTRODUCED BY:

Calvin K. Day

BY REQUEST

JAN 18 2008



Report Title:

Income Tax Deduction; Automatic Fire Sprinkler System

Description:

Provides an income tax deduction to residential unit owner occupants for qualifying costs of installation of an automatic fire sprinkler system installed after 12/31/08.

