
A BILL FOR AN ACT

RELATING TO FIRE PROTECTION.

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

1 SECTION 1. The legislature finds that eight out of ten
2 deaths caused by fire occur in the home. Automatic fire
3 sprinkler systems have a proven record of significantly reducing
4 loss of life, injury, and property damage caused by fires. Only
5 the sprinkler head closest to the fire will activate and eighty-
6 five per cent of fires are contained by the operation of just
7 one sprinkler.

8 Today's newer homes pose inherent fire hazards that not
9 only affect the occupants, but also firefighters. These hazards
10 include:

11 (1) Engineered lumber now used as a composite joist or
12 beam as part of today's modern, lightweight
13 construction materials. Compared with traditional
14 wood materials in older homes, lightweight
15 construction assemblies collapsed in six minutes
16 versus eighteen minutes for wood;



- 1 (2) Modern furnishings burn quicker and hotter than
2 traditional legacy furnishings; and
- 3 (3) Open plan designs contribute to rapid fire spread.
4 Higher ceiling heights and open plan designs with less
5 compartmentalization provide larger volumes of oxygen
6 to promote fire spread.

7 Residential sprinklers in one- and two-family dwellings are
8 rare and retrofitting residential high-rises is very costly.
9 The legislature finds that an incentive is needed to encourage
10 the installation of fire sprinklers in new homes and lower the
11 financial impact to the owners of existing high-rise
12 condominiums and apartments who may be required or voluntarily
13 choose to retrofit with fire sprinklers.

14 The purpose of this Act is to provide an incentive for an
15 owner-occupant to install an automatic fire sprinkler system in
16 a building that is used for residential purposes by establishing
17 a tax credit for a percentage of the actual cost of the system,
18 including installation, water, and permit fees.

19 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
20 amended by adding a new section to part I to be appropriately
21 designated and to read as follows:



1 "§235- Installation of fire sprinklers in residences;
2 income tax credit. (a) Any qualifying taxpayer who is an
3 owner-occupant and files an individual income tax return for a
4 taxable year may claim an income tax credit under this section
5 against the Hawaii state individual net income tax for taxable
6 years beginning after December 31, 2018 but not to taxable years
7 beginning after December 31, 2028.

8 (b) The tax credit may be claimed for an eligible
9 automatic fire sprinkler system that is installed and placed in
10 service by the taxpayer during the taxable year in any new or
11 existing residential occupancy, including one- and two-family
12 dwelling and condominiums and apartments in a building that is
13 used only for residential purposes. The tax credit that may be
14 claimed for each automatic sprinkler system shall be no more
15 than per cent of the actual cost of the system, including
16 installation, water, and permit fees; provided that:

17 (1) Only the owner-occupant of the dwelling in a new or
18 existing residential occupancy used for residential
19 purposes shall be entitled to a single tax credit;

20 (2) Only one credit may be claimed per tax map key number;
21 and



1 (3) The amount of the credit taken shall not exceed the
2 lesser of per cent of the actual cost of the
3 system or \$.

4 (c) The basis of eligible property for depreciation or
5 accelerated cost recovery system purposes for state income taxes
6 shall be reduced by the amount of credit allowable and claimed.
7 No deduction shall be allowed for that portion of otherwise
8 deductible qualified costs for which a credit is claimed under
9 this section.

10 (d) If the tax credit claimed by the taxpayer under this
11 section exceeds the amount of the income tax payments due from
12 the taxpayer, the excess of credit over payments due shall be
13 used as a credit against the taxpayer's income tax liability in
14 subsequent years until exhausted.

15 (e) The director of taxation shall prepare forms that may
16 be necessary to claim a credit under this section, may require
17 proof of the claim for the tax credit, and may adopt rules
18 pursuant to chapter 91 necessary to carry out this section.

19 (f) All of the provisions relating to assessments and
20 refunds under this chapter and under section 231-23(c)(1) shall
21 apply to the tax credit under this section.



1 (g) Claims for the tax credit under this section,
2 including any amended claims, shall be filed on or before the
3 end of the twelfth month following the taxable year for which
4 the credit may be claimed."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act, upon its approval, shall apply to
7 taxable years beginning after December 31, 2018, but not to
8 taxable years beginning after December 31, 2028.



Report Title:

State Fire Council Package; Fire Protection; Residential
Sprinklers; Tax Credit

Description:

Establishes an income tax credit based on the actual cost, including installation, water, and permit fees, of an automatic fire sprinkler system in any residential occupancy in a building used for residential purposes. Applies to taxable years beginning after 12/31/18 but not to taxable years after 12/31/28. (HB1782 HD1)

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

