
A BILL FOR AN ACT

RELATING TO FIRE SPRINKLERS.

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

1 SECTION 1. The legislature finds that fire sprinklers in
2 one- and two-family dwellings are rare in the State. One reason
3 for the lack of fire sprinklers in one- and two-family dwellings
4 is the cost of installing fire sprinklers. The legislature also
5 finds that an incentive is needed to promote the installation of
6 fire sprinklers in one- and two-family dwellings in the State.

7 Therefore, the purpose of this Act is to provide an
8 incentive to install an automatic fire sprinkler or automatic
9 fire sprinkler system in any new detached one- or two-family
10 dwelling unit that is in a structure used only for residential
11 purposes. The incentive shall be in the form of an income tax
12 credit equal to twenty-five per cent of the actual costs,
13 including installation costs, of the automatic fire sprinkler or
14 automatic fire sprinkler system.

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



1 "§235- Installation of fire sprinklers in residences;
2 income tax credit. (a) Any qualifying taxpayer who files an
3 individual income tax return for a taxable year may claim an
4 income tax credit under this section against the Hawaii state
5 individual net income tax.

6 (b) The tax credit may be claimed for every eligible
7 automatic fire sprinkler or automatic fire sprinkler system that
8 is installed and placed in service by the taxpayer during the
9 taxable year in any new detached one- or two-family dwelling
10 unit that is in a structure used only for residential purposes.
11 For each automatic fire sprinkler or automatic fire sprinkler
12 system, the tax credit that may be claimed shall be twenty-five
13 per cent of the actual costs, including installation costs, of
14 the sprinkler or system; provided that multiple owners of a
15 single automatic fire sprinkler or automatic fire sprinkler
16 system shall be entitled to a single tax credit; and provided
17 further that the tax credit shall be apportioned between the
18 owners in proportion to their contribution to the cost of the
19 automatic fire sprinkler or automatic fire sprinkler system.

20 (c) If the tax credit claimed by the taxpayer under this
21 section exceeds the taxpayer's net income tax liability, the



1 excess of credit over liability may be used as a credit against
2 the taxpayer's net income liability in subsequent years until
3 exhausted.

4 (d) The director of taxation:

5 (1) Shall prepare such forms as may be necessary to claim
6 a credit pursuant to this section;

7 (2) May require proof of the claim for the tax credit
8 established in this section; and

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

11 (e) All of the provisions relating to assessments in this
12 chapter and in section 231-23(c)(1) shall apply to the tax
13 credit established in this section.

14 (f) All claims for the tax credit under this section,
15 including any amended claims, shall be filed on or before the
16 end of the twelfth month following the taxable year for which
17 the credit may be claimed."

18 SECTION 3. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on January 1, 2019;
20 provided that this Act shall apply to taxable years beginning
21 after December 31, 2018, but not to taxable years beginning



1 after December 31, 2024; and further provided that on June 30,
2 2025, this Act shall be repealed.



Report Title:

Fire Sprinklers; Tax Credit

Description:

Establishes a non-refundable income tax credit of 25% of the total costs, including installation costs, of an automatic fire sprinkler or automatic fire sprinkler system in any new detached one- or two-family dwelling unit in a structure used only for residential purposes. Sunsets on 6/30/25. (HB2523 HD1)

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