STAND. COM. REP. NO. 142

Honolulu, Hawaii

February 7 , 2019

RE: H.B. No. 524 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 524 entitled:

"A BILL FOR AN ACT RELATING TO FIRE SPRINKLERS,"

begs leave to report as follows:

The purpose of this measure is to establish a nonrefundable tax credit to incentivize homeowners of one- and two-family residential dwelling units to install automatic fire sprinklers or sprinkler systems during the taxable years starting January 1, 2020, but not later than December 31, 2025.

The O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i submitted testimony in support of this measure. The Building Industry Association of Hawaii submitted testimony in opposition to this measure. The Department of Taxation, Hawaii State Fire Council, Honolulu Fire Department, Kaua'i Fire Department, Hawai'i Fire Department, and Tax Foundation of Hawaii submitted comments on this measure.

Your Committee notes the testimony of the State Fire Council requesting that the bill be amended to include owners of existing high-rise residential buildings because the tax credit will help those homeowners to install fire sprinklers by reducing the cost.

Your Committee also notes the testimony of the Department of Taxation that the inclusion of definitions for the terms "fire sprinkler," "fire sprinkler system," and "new detached one- or two-family dwelling unit" may minimize taxpayer confusion.

Your Committee has amended this measure by:

- (1) Changing the amount of the tax credit to an unspecified percentage;
- (2) Changing its effective date to January 1, 2050, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 524, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 524, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on behalf of the members of the Committee on Housing,

TOM BROWER, Chair

Record of Votes of the Committee on Housing

Bill/Resolution No.: HB 524	Committee Referral: HSG, OPC, FIN	Date: 1-31-19	
☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)			
HSG Members	Ayes Ay	es (WR) Nays	Excused
1. BROWER, Tom (C)			
2. MATAYOSHI, Scot Z. (VC)			
3. AQUINO, Henry J.C.		ACCORDING TO STATE OF THE PARTY	
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4. CULLEN, Ty J.K.			
5. HASHEM, Mark J.			
6. HASHIMOTO, Troy N.			
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7. WOODSON, Justin H.			
8. McDERMOTT, Bob			
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TOTAL (8)	8	d	Þ
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)			
Vice Chair's or designee's signature:			
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO			