

STAND. COM. REP. NO.

2328

Honolulu, Hawaii

FEB 04 2020

RE: S.B. No. 2131  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Public Safety, Intergovernmental, and  
Military Affairs, to which was referred S.B. No. 2131 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish an  
income tax credit for the installation of fire sprinklers in new  
one- or two-family dwelling units of a building used for  
residential purposes.

Your Committee received testimony in support of this measure  
from the Hawaii State Fire Council, Honolulu Fire Department,  
Hawaii Fire Department, Kauai Fire Department, and Maui Fire  
Department. Your Committee received testimony in opposition to  
this measure from one individual. Your Committee received  
comments on this measure from the Department of Taxation, Building  
Industry Association Hawaii, Tax Foundation of Hawaii, and Chamber  
of Commerce Hawaii.

Your Committee finds that according to the National Fire  
Protection Association's latest data, ninety-two percent of  
civilian fire deaths resulted from residential structure fires and  
eight out of ten deaths caused by fire occur in residential  
dwellings. Your Committee further finds that automatic fire  
sprinkler systems are effective at reducing death, injury, and  
property damage that is caused by fire. However, despite its



effectiveness, few one- or two-family dwellings in the State have automatic fire sprinkler systems installed. The high costs of installation are a significant factor leading to the lack of fire sprinklers in residential dwellings throughout the State. This measure will provide a tax credit to mitigate the cost involved in installing automatic fire sprinkler systems.

Your Committee has amended this measure by:

- (1) Changing the tax credit amount from being thirty percent of the actual cost of the system to a blank amount;
- (2) Deleting language relating to reduction of the basis of eligible property for depreciation or accelerated cost recover system purposes by the amount of credit allowable and claimed and disallowing other deductions for the same qualified costs for which a credit is claimed;
- (3) Making this measure apply to taxable years beginning after December 31, 2020; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety, Intergovernmental, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2131, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Public Safety,  
Intergovernmental, and Military  
Affairs,



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CLARENCE K. NISHIHARA, Chair



