

JAN 22 2021

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 automatic fire
2 sprinkler systems have a proven record of significantly reducing
3 life loss, injury, and property damage. However, eight out of
4 ten fire deaths occur in the home. Only the sprinkler head
5 closest to the fire will activate and eighty-five per cent of
6 fires are contained by the operation of just one sprinkler.
7 Today's newer homes pose inherent fire hazards that not only
8 affect the occupants, but also fire fighters. These include:

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

15 (2) Modern furnishings burn quicker and hotter than
16 traditional legacy furnishings. These place not only



1 occupants, but fire fighters in extreme peril when a
2 fire occurs in a home without sprinklers; 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 California, Maryland, and the District of Columbia require
8 residential sprinklers in new one- and two-family dwellings.

9 About eighteen states do not require sprinklers, but allow local
10 jurisdictions to require them. Communities that have adopted a
11 residential sprinkler requirement in new one- and two-family
12 dwellings have not seen any decrease in the residential
13 construction or the sale of new homes, and the economies of
14 scale reduces costs. However, residential fire sprinklers in
15 one- and two-family dwellings are rare in the State. One reason
16 is the cost. The legislature finds that an incentive is needed
17 to encourage the installation of fire sprinklers in new homes.

18 SECTION 2. The purpose of this Act is to provide an
19 incentive to install an automatic fire sprinkler system in any
20 new one- or two-family owner-occupant residential-use only
21 dwelling by establishing a tax credit comprising a percentage of



1 the actual cost of the system, including installation,
2 materials, water and permitting fees, and any related charges.

3 SECTION 3. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding a new section to part III to be appropriately
5 designated and to read as follows:

6 "§235- Tax credit to promote the installation of fire
7 sprinklers in residences. (a) Any qualifying taxpayer who is
8 an owner-occupant and files an individual income tax return for
9 a taxable year may claim an income tax credit under this section
10 against the Hawaii state individual net income tax.

11 (b) The tax credit may be claimed for an eligible
12 automatic fire sprinkler system that is installed and placed in
13 service by the taxpayer during the taxable year in any one- or
14 two-family dwelling unit that is in a building that is used only
15 for residential purposes. For each automatic sprinkler system,
16 the tax credit that may be claimed shall be no more than thirty
17 per cent of the actual cost of the system, including
18 installation, water and permitting fees, or any related charges;
19 provided that:

20 (1) Only the owner-occupant of the dwelling or the
21 purchaser installing the automatic sprinkler system in



1 a new one- or two-family dwelling used only for
2 residential purposes shall be entitled to a single tax
3 credit;

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

6 (3) The amount of the credit taken shall not exceed
7 \$5,000.

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

14 (d) If the tax credit claimed by the taxpayer under this
15 section exceeds the amount of the income tax payments due from
16 the taxpayer, the excess of credit overpayments due shall be
17 used as a credit against the taxpayer's income tax liability in
18 subsequent years until exhausted.

19 (e) The director of taxation shall prepare forms as may be
20 necessary to claim a credit under this section, may require



1 proof of the claim for the tax credit, and may adopt rules
2 pursuant to chapter 91.

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


6 (g) Claims for the tax credit under this section,
7 including any amended claims, shall be filed on or before the
8 end of the twelfth month following the taxable year for which
9 the credit may be claimed.

10 (h) If the State or a county requires an automatic fire
11 sprinkler system to be installed, no claim for a tax credit
12 shall be allowed."

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval;
15 provided that this Act shall sunset on June 30, 2030.

16
INTRODUCED BY:



By Request



S.B. NO. 447

Report Title:

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

Description:

Establishes a tax credit of 30% of the actual cost, including installation, water meter, and permitting fees, of an automatic fire sprinkler system in any one- or two-family dwelling in a structure used only for residential purposes. Sunsets on 6/30/2030.

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

