
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1 SECTION 1. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to part III to be appropriately
3 designated and to read as follows:
4 "§235- Fire prevention and fire safety system in
5 condominiums; maintenance fee increase; special assessment; tax
6 credit. (a) A qualified taxpayer who owns a unit for which the
7 condominium association is increasing the maintenance fee or
8 imposing a special assessment to comply with a county ordinance
9 requiring an automatic fire sprinkler system or alternative fire
10 prevention and fire safety system may claim a nonrefundable tax
11 credit equal to the amount by which the maintenance fee
12 increased, the special assessment imposed, or the amount
13 actually paid by the taxpayer, but not to exceed \$ _____ ;
14 provided that no more than one nonrefundable tax credit may be
15 claimed per unit. The aggregate amount of tax credits claimed
16 under this section shall not exceed \$ _____ for each taxable
17 year.



1 (b) The credit allowed under this section shall be claimed
2 against the taxpayer's net income tax liability for the taxable
3 year in which the special assessment or increase in the
4 maintenance fee was imposed and paid. If the tax credit under
5 this section exceeds the taxpayer's income tax liability, the
6 excess of the tax credit over liability may be used as a credit
7 against the taxpayer's net income tax liability in subsequent
8 years until exhausted. All claims, including amended claims,
9 for a tax credit under this section shall be filed on or before
10 the end of the twelfth month following the close of the taxable
11 year for which the credit may be claimed. Failure to comply
12 with the foregoing provision shall constitute a waiver of the
13 right to claim the credit.

14 (c) The director of taxation:
15 (1) Shall prepare any forms necessary to claim a tax
16 credit under this section;
17 (2) May require proof of the claim for the tax credit; and
18 (3) May adopt rules pursuant to chapter 91 to effectuate
19 this section.

20 (d) The department shall:



- 1 (1) Maintain records of the names and addresses of the
2 taxpayers claiming the credits under this section and
3 the total amount of the maintenance fee increases and
4 special assessments paid upon which the tax credit is
5 based;
- 6 (2) Verify the nature and amount of the maintenance fee
7 increases and special assessments claimed;
- 8 (3) Total all maintenance fee increases and special
9 assessments claimed; and
- 10 (4) Certify the total amount of the tax credit for each
11 taxable year.
- 12 (e) For the purposes of this section:
- 13 "Alternative fire prevention and fire safety system" means
14 a building's safety features and fire protection systems in
15 compliance with the applicable county fire code and county
16 building code that provide a minimum level of fire and life
17 safety to occupants and fire fighters, as approved by the county
18 in which the condominium is located:
- 19 "Association" has the same meaning as in section 514B-3.
- 20 "Automatic fire sprinkler system" means automatic
21 sprinklers installed and maintained in full operating condition



1 in accordance with the applicable county fire code and as
2 approved by the county in which the condominium is located.

3 "Condominium" has the same meaning as in section 514B-3.

4 "Net income tax liability" means net income tax liability
5 reduced by all other credits allowed under this chapter.

6 "Qualified taxpayer" means a person subject to the taxes
7 imposed by this chapter and who is:

8 (1) Filing individually with a gross income equal to or
9 less than \$100,000;

10 (2) Married filing separately with a gross income equal to
11 or less than \$150,000; or

12 (3) Married filing jointly with a combined income equal to
13 or less than \$200,000.

14 "Unit" has the same meaning as in section 514B-3."

15 SECTION 2. New statutory material is underscored.

16 SECTION 3. This Act shall take effect on June 30, 3000,
17 and shall apply to taxable years beginning after December 31,

18 2023.



Report Title:

Fire Prevention and Fire Safety System; Condominium Association;
Maintenance Fee Increase; Special Assessment; Income Tax Credit

Description:

Establishes a nonrefundable income tax credit for owners of condominium units whose condominium association is increasing maintenance fees or imposing a special assessment to comply with a county ordinance requiring an automatic fire sprinkler system or alternative fire prevention and fire safety system, to be applied to taxable years beginning after December 31, 2023. Effective 6/30/3000. (SD1)

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