
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; tax credit. (a) A
6 qualified taxpayer who owns a unit for which the association is
7 increasing the maintenance fee to comply with a county ordinance
8 requiring an automatic fire sprinkler system or alternative fire
9 prevention and fire safety system may claim a nonrefundable tax
10 credit in the amount of \$1,000. The aggregate amount of tax
11 credits claimed under this section shall not exceed \$5,000,000
12 for each taxable year.

13 (b) The credit allowed under this section shall be claimed
14 against the net income tax liability for the taxable year. If
15 the tax credit under this section exceeds the taxpayer's income
16 tax liability, the excess of the tax credit over liability may
17 be used as a credit against the taxpayer's net income tax



1 liability in subsequent years until exhausted. All claims,
2 including amended claims, for a tax credit under this section
3 shall be filed on or before the end of the twelfth month
4 following the close of the taxable year for which the credit may
5 be claimed. Failure to comply with the foregoing provision
6 shall constitute a waiver of the right to claim the credit.

7 (c) The director of taxation:

8 (1) Shall prepare any forms necessary to claim a tax
9 credit under this section;

10 (2) May require proof of the claim for the tax credit; and

11 (3) May adopt rules pursuant to chapter 91 to effectuate
12 this section.

13 (d) For the purposes of this section:

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

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

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

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

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



H.B. NO. 1532

- 1 (2) Married filing separately with a gross income equal to
- 2 or less than \$150,000; or
- 3 (3) Married filing jointly with a combined income equal to
- 4 or less than \$200,000.

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

6 SECTION 2. New statutory material is underscored.

7 SECTION 3. This Act, upon its approval, shall apply to

8 taxable years beginning after December 31, 2023.

9

INTRODUCED BY:

Rodechizone
JAN 11 2024



H.B. NO. 1532

Report Title:

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

Description:

Establishes a tax credit for certain owners of a condominium whose association is increasing maintenance fees to comply with a county ordinance requiring an automatic fire sprinkler system or alternative fire prevention and fire safety system.

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