
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 be appropriately designated
3 and to read as follows:

4 "§235- Home fire safety improvement tax credit. (a)
5 There shall be allowed to each taxpayer subject to the taxes
6 imposed by this chapter, a nonrefundable income tax credit that
7 shall be deductible from the taxpayer's net income tax
8 liability, if any, imposed by this chapter for the taxable year
9 in which the nonrefundable credit is properly claimed.

10 In the case of a partnership, S corporation, estate, or
11 trust, the nonrefundable tax credit allowable shall be for
12 qualified costs incurred by the entity for the taxable year.
13 The cost upon which the nonrefundable tax credit is computed
14 shall be determined at the entity level. Distribution and share
15 of the nonrefundable credit shall be determined pursuant to
16 section 704(b) of the Internal Revenue Code.



1 (b) Every taxpayer claiming a nonrefundable tax credit
2 under this section shall submit a written, sworn statement to
3 the department of taxation no later than ninety days following
4 the end of each taxable year in which qualified costs were paid
5 or incurred, identifying:

6 (1) Qualified costs, if any, paid or incurred in the
7 previous taxable year; and

8 (2) The amount of nonrefundable tax credits claimed
9 pursuant to this section, if any, in the previous
10 taxable year.

11 (c) The department of taxation shall:

12 (1) Maintain records of the names and addresses of the
13 taxpayers claiming the nonrefundable credit under this
14 section and the total amount of the qualified costs
15 upon which the nonrefundable tax credit is based;

16 (2) Verify the amount of the qualified costs;

17 (3) Total all qualified costs that the department of
18 taxation certifies; and

19 (4) Provide a letter to the director of taxation
20 specifying the amount of the nonrefundable tax credit



1 for each taxable year and cumulative amount of the
2 nonrefundable tax credit for all years claimed.

3 Upon each determination made under this subsection, the
4 department of taxation shall issue a letter to the taxpayer
5 verifying the information submitted to that department,
6 including the amount of qualified costs and the nonrefundable
7 credit amount qualified for in each taxable year a nonrefundable
8 credit is claimed. The taxpayer shall file the letter from the
9 department of taxation with the taxpayer's tax return. The
10 director of taxation may audit and adjust the nonrefundable tax
11 credit amount to conform to the information filed by the
12 taxpayer.

13 (d) A third party shall provide a certificate of approval
14 for qualified home fire safety improvements implemented by
15 taxpayers.

16 (e) The nonrefundable tax credit shall be equal
17 to _____ per cent of the taxpayer's qualified costs subject to
18 the following:

19 (1) The total nonrefundable credit allowed for a taxpayer
20 in any taxable year shall not exceed \$ _____ ; and



1 (2) The total amount of nonrefundable tax credits allowed
2 under this section shall not exceed \$ _____ for
3 all taxpayers in any fiscal year. If the total amount
4 of nonrefundable credits claimed under this section by
5 all taxpayers in any fiscal year exceeds \$ _____,
6 the nonrefundable credit shall be allowed to taxpayers
7 based on the date of certification by the insurance
8 commissioner on a first come, first served basis. Any
9 taxpayer who is certified by a third party in a fiscal
10 year and who is not eligible to claim the
11 nonrefundable credit due to the \$ _____ cap having
12 been exceeded for that fiscal year shall be eligible
13 to claim the nonrefundable credit in the subsequent
14 year and shall receive priority for the nonrefundable
15 credit over taxpayers who receive certification in the
16 subsequent fiscal year.

17 (f) No taxpayer shall claim any other credit under this
18 chapter for the same qualified costs used to properly claim a
19 nonrefundable tax credit under this section for the taxable
20 year.

21 (g) The director of taxation:



1 (1) Shall prepare any forms that may be necessary to claim
2 a nonrefundable tax credit under this section;

3 (2) May require the taxpayer to furnish reasonable
4 information to ascertain the validity of the claim for
5 the nonrefundable tax credit made under this section;
6 and

7 (3) May adopt rules pursuant to chapter 91 to effectuate
8 the purposes of this section.

9 (h) This section shall not apply to any amount paid or
10 incurred before January 1, 2026.

11 (i) For the purposes of this section:

12 "Qualified costs" means the expenses incurred in
13 constructing or installing a qualified home fire safety
14 improvement.

15 "Qualified home fire safety improvement" means an
16 improvement to a taxpayer's residence that increases the
17 residence's fire safety rating as calculated by the taxpayer's
18 homeowner's insurance policy."

19 SECTION 2. New statutory material is underscored.

20 SECTION 3. This Act shall take effect on July 1, 2077, and
21 shall apply to taxable years beginning after December 31, 2025.



S.B. NO. 376 S.D. 1

Report Title:

Home Fire Safety Improvement Nonrefundable Tax Credit; Insurance Commissioner; Fire Safety; Homeowner's Insurance

Description:

Establishes a nonrefundable income tax credit for taxpayers who construct or install improvements to their residence that increase the residence's fire safety rating as calculated by the taxpayer's homeowner's insurance policy. Applies to taxable years beginning after 12/31/2025. Effective 7/1/2077. (SD1)

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