
A BILL FOR AN ACT

RELATING TO INCOME TAX DEDUCTIONS.

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

1 SECTION 1. The purpose of this Act is to establish an
2 income tax deduction for owner-occupants of residential housing
3 units for the qualifying costs of automatic fire sprinkler
4 systems installed and placed into service after
5 December 31, 2006.

6 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§235- Automatic fire sprinkler system; income tax
10 deduction. (a) There shall be allowed as a deduction from
11 gross income the amount paid, during the taxable year by an
12 individual taxpayer or married couple filing jointly or
13 separately, for the qualifying costs to install an automatic
14 fire sprinkler system in a single-family residence, provided
15 that:

16 (1) The taxpayer is the owner-occupant of the
17 single-family residence; and



1 (2) The automatic fire sprinkler system is placed into
2 service by the taxpayer after December 31, 2006.

3 (b) There shall be allowed as a deduction from gross
4 income the amount paid, during the taxable year by an individual
5 taxpayer or a married couple filing jointly or separately
6 residing in a residential or mixed use condominium or a
7 cooperative housing corporation, for that portion of the
8 maintenance fees allocable to the qualifying costs to install an
9 automatic fire sprinkler system in a residential unit and
10 building provided that:

11 (1) The taxpayer is the owner-occupant of the residential
12 unit in a condominium or cooperative housing project;

13 (2) The deduction shall be equal to the qualifying costs
14 of the automatic fire sprinkler system or a maximum of
15 \$7,000 per residential unit, whichever is less; and

16 (3) The automatic fire sprinkler system is placed into
17 service by the taxpayer after December 31, 2006.

18 (c) For purposes of this section:

19 "Automatic fire sprinkler system" means an integrated
20 system of underground and overhead piping designed in accordance
21 with fire protection engineering standards. The portion of the
22 sprinkler system above ground is a network of specially sized or



1 hydraulically designed piping installed in a building, a
2 structure, or area, generally overhead and to which sprinklers
3 are connected in a systematic pattern. The valve controlling
4 each system riser is located in the system riser or its supply
5 piping. Each sprinkler system riser includes a device for
6 activating an alarm when the system is in operation. The device
7 is normally activated by heat from a fire and discharges water
8 over the fire area.

9 "Qualifying costs" means costs incurred in purchasing or
10 otherwise acquiring and installing an automatic fired sprinkler
11 system, including but not limited to accessories and
12 installation, professional fees for design and construction, and
13 government permit and access fees.

14 (d) The director of taxation shall:

15 (1) Require the taxpayer to furnish reasonable information
16 to ascertain the validity of the claim for deduction
17 made under this section; and

18 (2) Adopt rules necessary to effectuate the purposes of
19 this section pursuant to chapter 91."

20 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2006.
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HB 3023

Report Title:

Income Taxes; Residential Automatic Fire Sprinkler System

Description:

Provides an income tax deduction for qualifying costs of automatic fire sprinkler systems installed and placed into service after December 31, 2006.

