

Honolulu, Hawaii

, 2006

FEB 17

RE: S.B. No. 3069

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Housing and Transportation and Government Operations, to which was referred S.B. No. 3069 entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX DEDUCTIONS,"

beg leave to report as follows:

The purpose of this measure is to establish an income tax deduction for qualifying costs of automatic fire sprinkler systems installed and placed into service after December 31, 2006 by:

- (1) Owners of single-family residences;
- (2) Owner-occupants of residential condominium or cooperative housing units; and
- (3) An association of apartment owners of a residential or mixed use condominium or the cooperative housing corporation of residential cooperative housing.

Your Committees received testimony in support of this measure from State Fire Council, Hawaii Council of Associations of Apartment Owners, and Hawaii Independent Condominium & Cooperative Owners. Comments were submitted by the Department of Taxation and Tax Foundation of Hawaii.

Your Committees find that effective fire prevention depends to a large extent on the existence of automatic fire sprinkler systems, particularly in high rise dwellings. However, the costs



are prohibitively expensive. An income tax benefit would be a strong incentive to install sprinkler systems.

Your Committees believe this measure could save lives and reduce property destruction. A tax benefit is a small price for the state to pay to subsidize the installment of automatic fire sprinkler systems.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Housing and Transportation and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3069 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and
Housing and Transportation and
Government Operations,


LORRAINE R. INOUE, Chair


RON MENOR, Chair



