H.B. NO. 1)37

A BILL FOR AN ACT

RELATING TO TAXATION.

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 qualifying costs of automatic fire sprinkler systems
4	installed and placed into service after December 31, 2007.
5	SECTION 2. Chapter 235, Hawaii Revised Statutes, is
6	amended by adding a new section to be appropriately designated
7	and to read as follows:
8	" <u>§235-</u> Automatic fire sprinkler system; income tax
9	deduction. (a) There shall be allowed as a deduction from
10	gross income, by an individual taxpayer or a married couple
11	filing a joint return or filing separately, the qualifying costs
12	paid during the taxable year to install an automatic sprinkler
13	system in a single-family residence, a residential or mixed use
14	condominium, or a cooperative housing corporation; provided that
15	the individual taxpayer or married couple filing a joint return
16	or filing separately are owner-occupants of the single-family
17	residence or the residential or mixed use unit in a condominium
18	or cooperative housing project.

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1	(b)	The deduction shall be equal to the qualifying costs,	
2	or a maxin	mum of \$7,000 per residential unit, whichever is less,	
3	for the a	utomatic fire sprinkler system placed into service	
4	after December 31, 2007.		
5	(C)	The director of taxation:	
6	(1)	Shall require the taxpayer to furnish reasonable	
7		information to ascertain the validity of the claim for	
8		a tax deduction made under this section; and	
9	(2)	May adopt rules necessary to effectuate this section	
10		pursuant to chapter 91.	
11	(d)	For the purposes of this section:	
12	"Auto	omatic fire sprinkler system" means an integrated	
13	system of	underground and overhead piping designed in accordance	
14	with fire	protection engineering standards, the properties of	
15	which sha	ll include:	
16	(1)	That the portion of the automatic fire sprinkler	
17		system that is above ground shall consist of a network	
18		of specially sized or hydraulically designed piping	
19		installed in a building, structure, or area, generally	
20		overhead and to which sprinklers are connected in a	
21		systematic pattern;	



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1	(2)	That the valve controlling each system riser shall be		
2		located in the system riser or its supply piping;		
3	(3)	That each sprinkler system riser shall include a		
4		device for activating an alarm when the system is in		
5		operation; and		
6	(4)	That the device shall be normally activated by heat		
7		from a fire and discharges water over the fire area.		
8	"Qua	lifying costs" means costs incurred in purchasing or		
9	otherwise	acquiring and installing an automatic fire sprinkler		
10	system, including but not limited to accessories and			
11	installation, professional fees for design and construction, and			
12	government permit and access fees; provided that the qualifying			
13	costs of a residential or mixed use condominium or a cooperative			
14	housing corporation may be calculated using the portion of			
15	maintenance fees allocable to qualifying costs."			
16	SECTION 3. New statutory material is underscored.			
17	SECTION 4. This Act shall take effect upon its approval and			
18	shall apply to taxable years beginning after December 31, 2007.			
19				
		INTRODUCED BY: Chindy Awy		

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BY REQUEST



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Report Title:

Income Tax Deduction; Automatic Fire Sprinkler System

Description:

Provides an income tax deduction to residential unit owner occupants for qualifying costs of installation of an automatic fire sprinkler system installed after December 31, 2007.

