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# 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           "§235-    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.



1        (b) The deduction shall be equal to the qualifying costs,  
2 or a maximum of \$                    per residential unit, whichever is  
3 less, for the automatic fire sprinkler system placed into  
4 service 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        "Automatic 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 shall 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;



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       "Qualifying 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.



**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. (SD1)

