
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 condominium 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 for installation of an automatic
13 sprinkler system in a residential or mixed use condominium
14 constructed before December 31, 1975; provided that the
15 individual taxpayer or married couple filing a joint return or
16 filing separately are owner-occupants of the residential or
17 mixed use unit in a condominium.



1 (b) The deduction shall be equal to the qualifying costs,
2 or a maximum of \$ per unit, whichever is less, for the
3 automatic fire sprinkler system placed into service after
4 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 to serve the entire residential or mixed use condominium,
11 including but not limited to accessories and installation,
12 professional fees for design and construction, and government
13 permit and access fees; provided that the qualifying costs of a
14 residential or mixed use condominium may be calculated using the
15 portion of 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 for costs incurred between July 1, 2007, and June 30, 2012.



Report Title:

Income Tax Deduction; Automatic Fire Sprinkler System

Description:

Provides an income tax deduction to an owner occupant of a residential or mixed use condominium constructed before December 31, 1975, for qualifying costs of installation of an automatic fire sprinkler system to serve the entire residential or mixed use condominium, and installed after December 31, 2007; sunsets June 30, 2012. (SD2)

