

---

---

# A BILL FOR AN ACT

RELATING TO A FIRE SPRINKLER TAX DEDUCTION.

**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, 2008.

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 the amount paid during the taxable year by an  
11 individual taxpayer or a married couple filing a joint return or  
12 filing separately for qualifying costs to install an automatic  
13 sprinkler system in a single-family residence or in a  
14 residential or mixed use condominium or a cooperative housing  
15 corporation for that portion of maintenance fees allocable to  
16 qualifying costs to install an automatic fire sprinkler system  
17 in the residential unit or building; provided that:



- 1        (1) The individual taxpayer or married couple filing a  
2        joint return or filing separately are owner-occupants  
3        or owners other than owner-occupants of the single-  
4        family residence or a residential unit in the  
5        condominium or cooperative housing project;
- 6        (2) The deduction shall be equal to the qualifying costs  
7        of the automatic fire sprinkler system or a maximum of  
8        \$7,000 per residential unit, whichever is less;
- 9        (3) The automatic fire sprinkler system is placed into  
10       service by a taxpayer after December 31, 2008; and
- 11       (4) If the qualifying cost is for installation in a  
12       residential unit in a condominium or cooperative  
13       housing project, the agreement and consent of all  
14       owner-occupants or owners other than owner-occupants  
15       of units in the condominium or cooperative housing  
16       project shall be obtained prior to installation of the  
17       automatic fire sprinkler system.
- 18       (b) For the 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 shall consist of a network of



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

9 "Qualifying costs" means costs incurred in purchasing or  
10 otherwise acquiring and installing an automatic fire 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 (c) The director of taxation:

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

18 (2) May adopt rules under chapter 91 as necessary to  
19 effectuate the purposes of this section."

20 SECTION 3. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon its approval  
2 and shall apply to taxable years beginning after December 31,  
3 2035.



**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 12/31/08. (SD2)

