

JAN 19 2007

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, in a residential or mixed
14 use condominium, or in a cooperative housing corporation for
15 that portion of maintenance fees allocable to qualifying costs
16 to install an automatic fire sprinkler system in their
17 residential unit and building; provided that the individual



1 taxpayer or married couple filing a joint return or filing
2 separately are owner-occupants of the single-family residence,
3 or the residential unit in a condominium or cooperative housing
4 project.

5 (b) The deduction shall be equal to the qualifying costs,
6 or a maximum of \$7,000 per residential unit, whichever is less,
7 for the automatic fire sprinkler system placed into service
8 after December 31, 2007.

9 (c) The director of taxation:

10 (1) Shall require the taxpayer to furnish reasonable
11 information to ascertain the validity of the claim for
12 credit made under this section; and

13 (2) May adopt rules necessary to effectuate this section
14 pursuant to chapter 91.

15 (d) For the purposes of this section:

16 "Automatic fire sprinkler system" means an integrated
17 system of underground and overhead piping designed in accordance
18 with fire protection engineering standards, the properties of
19 which shall include:

20 (1) That the portion of the automatic fire sprinkler
21 system that is above ground shall consist of a network
22 of specially sized or hydraulically designed piping



1 installed in a building, structure, or area, generally
2 overhead and to which sprinklers are connected in a
3 systematic pattern;

4 (2) That the valve controlling each system riser shall be
5 located in the system riser or its supply piping;

6 (3) That each sprinkler system riser shall include a
7 device for activating an alarm when the system is in
8 operation; and

9 (4) That the device shall be normally activated by heat
10 from a fire and discharges water over the fire area.

11 "Qualifying costs" means costs incurred in purchasing or
12 otherwise acquiring and installing an automatic fire sprinkler
13 system, including but not limited to accessories and
14 installation, professional fees for design and construction, and
15 government permit and access fees."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act, upon its approval, shall apply to
18 taxable years beginning after December 31, 2007.

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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.

