
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 owners of single-family dwellings or
3 residential housing units equal to the qualifying costs of
4 automatic fire sprinkler systems, the deduction is for systems
5 not required by the current building code that will be installed
6 and placed into service after December 31, 2009.

7 Automatic fire sprinklers have been proven to save lives
8 and protect property against the devastation of fire. This Act
9 promotes the installation of automatic fire sprinklers by
10 providing a financial incentive to homeowners. Anticipated tax
11 revenue losses from this Act will be offset by the lives and
12 property saved by newly installed fire sprinkler systems.

13 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 "§235- Automatic fire sprinkler system; income tax
17 deduction. (a) There shall be allowed as a deduction from
18 gross income the amount paid during the taxable year for the



1 qualifying costs to install an automatic fire sprinkler system
2 that is not required by the current building code in a single-
3 family residence, a residential or mixed use condominium, or a
4 cooperative housing corporation. If applicable, the deduction
5 is equal to the portion of the maintenance fees allocable to the
6 qualifying costs of installing an automatic fire sprinkler
7 system in the residential unit or building; provided that the
8 taxpayer owns the single-family residence or a residential unit
9 in the condominium or cooperative housing project; and provided
10 further that:

11 (1) The qualifying costs of the automatic fire sprinkler
12 system shall not exceed \$7,000 per residential unit;

13 and

14 (2) The automatic fire sprinkler system is placed into
15 service after December 31, 2009.

16 (b) For the purposes of this section:

17 "Automatic fire sprinkler system" means an integrated
18 system of underground and overhead piping designed in accordance
19 with fire protection engineering standards. The portion of the
20 sprinkler system above ground shall consist of a network of
21 specially sized or hydraulically designed piping installed in a
22 building, a structure, or area, generally overhead and to which



1 sprinklers are connected in a systematic pattern. The valve
 2 controlling each system riser shall be located in the system
 3 riser or its supply piping. Each sprinkler system riser shall
 4 include a device for activating an alarm when the system is in
 5 operation. The device shall be normally activated by heat from
 6 a fire and discharges water over the fire area.

7 "Qualifying costs" means the costs incurred in the design,
 8 materials, labor, installation, and permitting of the automatic
 9 fire sprinkler system.

10 (c) The director of taxation:

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

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

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act shall take effect upon its approval
 18 and shall apply to taxable years beginning after December 31,
 19 2009.

20

INTRODUCED BY:

Cindy Evans
[Signature]
[Signature]



Report Title:

State Fire Council Package; 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 12/31/09.

