
A BILL FOR AN ACT

RELATING TO FIRE SPRINKLERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that fire sprinklers in
2 one- or two-family dwellings are rare in the State. One reason
3 for the lack of fire sprinklers in one- or two-family dwellings
4 is the high cost of installing fire sprinklers. In Kauai
5 county, the average cost of a fire sprinkler with a one-inch
6 water meter and backflow preventer, including installation, is
7 \$42,230. The average cost in Maui county is \$29,748. The
8 average cost is \$25,580 in Hawaii county and \$18,092 in the city
9 and county of Honolulu. The legislature finds that an incentive
10 is needed to promote the installation of fire sprinklers in one-
11 or two-family dwellings in the State.

12 The purpose of this Act is to provide an incentive to
13 install an automatic fire sprinkler or automatic fire sprinkler
14 system in any new detached one- or two-family dwelling unit that
15 is in a structure which is used only for residential purposes by
16 establishing a tax credit comprising a percentage of the actual
17 costs of the system, including installation.



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

4 "§235- Tax credit to promote the installation of fire
5 sprinklers in residences. (a) Any qualifying taxpayer who
6 files an individual income tax return for a taxable year may
7 claim an income tax credit under this section against the Hawaii
8 state individual net income tax.

9 (b) The tax credit may be claimed for an eligible
10 automatic fire sprinkler or system that is installed and placed
11 in service by the taxpayer during the taxable year in any
12 detached one- or two-family dwelling unit that is in a structure
13 which is used only for residential purposes. For each automatic
14 fire sprinkler or system, the tax credit that may be claimed
15 shall be twenty-five per cent of the actual cost of the system,
16 including installation costs; provided that:

17 (1) Only the owner occupant of the dwelling unit or the
18 purchaser installing a single automatic fire sprinkler
19 or system in a new structure for residential purposes
20 shall be entitled to a single tax credit;



1 (2) Only one credit may be claimed per tax map key number;
2 and

3 (3) The amount of the credit taken shall not exceed
4 \$5,000.

5 (c) The basis of eligible property for depreciation or
6 accelerated cost recovery system purposes for state income taxes
7 shall be reduced by the amount of credit allowable and claimed.
8 No deduction shall be allowed for that portion of otherwise
9 deductible qualified costs for which a credit is claimed under
10 this section.

11 (d) If the tax credit claimed by the taxpayer under this
12 section exceeds the amount of the income tax payments due from
13 the taxpayer, the excess of credit over payments due shall be
14 used as a credit against the taxpayer's income tax liability in
15 subsequent years until exhausted.

16 (e) The director of taxation shall prepare such forms as
17 may be necessary to claim a credit under this section, may
18 require proof of the claim for the tax credit, and may adopt
19 rules pursuant to chapter 91.



1 (f) All of the provisions relating to assessments and
2 refunds under this chapter and under section 231-23(c)(1) shall
3 apply to the tax credit under this section.

4 (g) Claims for the tax credit under this section,
5 including any amended claims, shall be filed on or before the
6 end of the twelfth month following the taxable year for which
7 the credit may be claimed."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2050, and
10 shall apply to taxable years beginning after December 31, 2015;
11 provided that this Act shall be repealed on June 30, 2025.



Report Title:

Fire Sprinklers; Tax Credit

Description:

Establishes a tax credit of 25 per cent of the actual cost, including installation, of an automatic fire sprinkler or automatic fire sprinkler system in any detached one- or two-family dwelling unit in a structure used only for residential purposes. Sunsets on June 30, 2025. (HB1242 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

