
A BILL FOR AN ACT

RELATING TO FIRE PROTECTION.

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

1 SECTION 1. The legislature finds that automatic fire
2 sprinkler systems have a proven record of significantly reducing
3 loss of life, injury, and property damage caused by fires. The
4 legislature also finds that eight out of ten deaths caused by
5 fire occur in the home. Only the sprinkler head closest to the
6 fire will activate, and eighty-five per cent of fires are
7 contained by the operation of just one sprinkler. This is due
8 to:

9 (1) Engineered lumber now used as a composite joist or
10 beam as part of today's modern, lightweight
11 construction material. Compared with traditional wood
12 materials in older homes, lightweight construction
13 assemblies collapsed in six minutes versus eighteen
14 minutes for wood;

15 (2) Modern furnishings burn more quickly and hotter than
16 traditional legacy furnishings. These place not only
17 occupants, but fire fighters in extreme peril when a
18 fire occurs in a home without sprinklers; and



1 (3) Open plan designs contribute to rapid fire spread.
2 Higher ceiling heights and open plan designs with less
3 compartmentalization provide larger volumes of oxygen
4 to promote fire spread.

5 California, Maryland, and the District of Columbia require
6 residential sprinklers in all new one- and two-family dwellings.
7 Approximately eighteen states do not require sprinklers, but
8 allow local jurisdictions to require them. Communities that
9 have adopted a residential sprinkler requirement in new one- and
10 two-family dwellings have not seen any decrease in the
11 residential construction or the sale of new homes, and the
12 economies of scale reduces costs. However, residential fire
13 sprinklers in one- and two-family dwellings are rare in this
14 State. One reason for the lack of residential fire sprinklers
15 is the cost. The legislature finds that an incentive is needed
16 to encourage the installation of fire sprinklers in new homes.

17 The purpose of this Act is to provide an incentive to
18 install an automatic fire sprinkler system in any new one- or
19 two-family dwelling for an owner/occupant of a building that is
20 used only for residential purposes, by establishing a tax credit



1 for a percentage of the actual cost of the system, including
2 installation, water meter, and permitting fees.

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

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

11 (b) The tax credit may be claimed for an eligible
12 automatic fire sprinkler system that is installed and placed in
13 service by the taxpayer during the taxable year; provided that
14 the automatic fire sprinkler system is installed and placed in
15 service in a one- or two-family dwelling unit in a building that
16 is used only for residential purposes. For each automatic
17 sprinkler system, the tax credit that may be claimed shall be no
18 more than thirty per cent of the actual cost of the system,
19 including installation, water meter, and permitting fees;
20 provided that:



- 1 (1) Only the owner/occupant of the dwelling who is the
2 purchaser installing the automatic sprinkler system in
3 a new one- or two-family dwelling used only for
4 residential purposes shall be entitled to a single tax
5 credit;
- 6 (2) Only one credit may be claimed per tax map key number;
7 and
- 8 (3) The amount of the credit taken shall not exceed
9 \$10,000.
- 10 (c) The basis of eligible property for depreciation or
11 accelerated cost recovery system purposes for state income taxes
12 shall be reduced by the amount of credit allowable and claimed.
13 No deduction shall be allowed for that portion of otherwise
14 deductible qualified costs for which a credit is claimed under
15 this section.
- 16 (d) If the tax credit claimed by the taxpayer under this
17 section exceeds the amount of the income tax payments due from
18 the taxpayer, the excess of credit over payments due shall be
19 used as a credit against the taxpayer's income tax liability in
20 subsequent years until exhausted.



1 (e) The director of taxation shall prepare forms that may
2 be necessary to claim a credit under this section, may require
3 proof of the claim for the tax credit, and may adopt rules
4 pursuant to chapter 91 necessary to carry out this section.

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

8 (g) Claims for the tax credit under this section,
9 including any amended claims, shall be filed on or before the
10 end of the twelfth month following the taxable year for which
11 the credit may be claimed.

12 (h) If the State or a county requires an automatic fire
13 sprinkler system to be installed, no claim for a tax credit for
14 the automatic sprinkler shall be allowed."

15 SECTION 3. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2050, and
17 shall:

- 18 (1) Apply to taxable years beginning after December 31,
19 2016; and
20 (2) Be repealed on June 30, 2027.

21



Report Title:

State Fire Council Package; Fire Sprinklers; Tax Credit

Description:

Establishes a tax credit of 30% of the actual cost, including installation, water meter, and permitting fees, of an automatic fire sprinkler system in any one- and two-family dwelling in a structure used only for residential purposes. Sunsets 6/30/2027. Effective 7/1/2050. (SD1)

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

