

STAND. COM. REP. NO.

198

Honolulu, Hawaii

February 10, 2017

RE: H.B. No. 1384

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1384 entitled:

"A BILL FOR AN ACT RELATING TO FIRE SPRINKLERS,"

begs leave to report as follows:

The purpose of this measure is to make permanent the prohibition that prevents the counties from requiring the installation or retrofitting of automatic fire sprinklers or an automatic fire sprinkler system in certain residential dwelling units and non-residential agricultural and aquacultural buildings or structures outside an urban area.

The City and County of Honolulu, County of Hawaii, Hawaii Association of Realtors, Building Industry Association of Hawaii, Chamber of Commerce Hawaii, Pacific Resource Partnership, Hawaii Laborers-Employers Cooperation and Education Trust, Graham Builders, Inc., General Contractors Association of Hawaii, and numerous individuals testified in support of this measure. The Hawaii State Fire Council, Honolulu Fire Department, National Fire Sprinkler Association, and one concerned individual testified in opposition to this measure.

Significant improvements in construction techniques over the past few decades have led to an increase in the fire safety of homes, resulting in a dramatic and continued decrease in fire incidents, injury, death, and property loss. Although your Committee notes that mandating the installation of automatic fire

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sprinklers in residential homes may lead to a further decrease in fire incidents, installation of these systems comes at a price, with most estimates ranging from \$25,000 to \$35,000 for a simple system. This would have a tremendous impact on housing costs and concomitantly, housing supply.

As noted in a report conducted by the Department of Business, Economic Development, and Tourism, your Committee finds that approximately 64,000 to 66,000 additional housing units are required between 2015 and 2025 to meet projected housing needs. This lack of supply directly correlates to increased housing prices. With housing prices becoming further out of reach for Hawaii's families leading to an affordable housing crisis in the State, your Committee notes that mandating the installation of sprinkler systems may exacerbate the problem. As such, your Committee finds that it must take a cautious cost-benefit approach in determining whether to allow counties to mandate the installation of automatic fire sprinklers in residential units.

Accordingly, your Committee has amended this measure by:

- (1) Prohibiting the Counties from mandating automatic fire sprinklers for a period of 10 years rather than making the prohibition permanent;
- (2) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Further, your Committee notes that discussion during the public hearing on this measure revealed that insurers provide incentives for the installation of automatic fire sprinklers through lower homeowner's insurance premiums. Should the Committee on Housing consider this matter further, your Committee on Consumer Protection and Commerce respectfully requests it to examine this issue in greater detail.

Additionally, your Committee on Consumer Protection and Commerce also requests the Committee on Housing to further investigate the impacts that mandated fire sprinkler installation would have on the housing market in Hawaii and whether the ten-year extension is sufficient. Your Committee also respectfully requests that the Committee on Housing consider requiring a legislative report by an agency or department on the impact of



mandating the installation of automatic fire sprinklers, including the impact that meter costs, building council mandates, national fire safety standards, and insurance industry incentives and other best practices will have on housing prices.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1384, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1384, H.D. 1, and be referred to your Committee on Housing.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. McKELVEY, Chair



