

STAND. COM. REP. NO.

2271

Honolulu, Hawaii

FEB 13 2018

RE: S.B. No. 2006  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Public Safety, Intergovernmental, and Military Affairs, to which was referred S.B. No. 2006 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Exempt the gross proceeds of costs incurred to retrofit or install automatic fire sprinkler systems from general excise taxes; and
- (2) Provide interest-free loans to condominium associations to retrofit or install automatic fire sprinkler systems.

Your Committees received testimony in support of this measure from the State Fire Council; Honolulu Fire Department; Kaua'i Fire Department; County of Hawai'i, Hawai'i Fire Department; Oahu County Committee, Legislative Priorities Committee of the Democratic Party of Hawaii; Hawaii Council of Associations of Apartment Owners; Hawaiian Civic Club of Honolulu; Associa; and five individuals. Your Committees received comments on this measure from the Department of Taxation and Building Industry Association of Hawaii.



Your Committees find that the devastating Marco Polo condominium fire in July 2017 highlighted the dangers of fires in buildings without fire sprinklers. Your Committees further find that condominium associations have voiced concerns regarding the financial burden to property owners who want or are required to retrofit their units with automatic fire sprinklers, as the cost to retrofit high-rise residential buildings varies and may be as high as several million dollars. This measure therefore exempts certain costs associated with retrofitting or installing automatic fire sprinkler systems from the general excise tax and enables condominium associations to seek interest-free loans for this process from the Hawaii Housing Finance and Development Corporation.

However, your Committees note certain concerns that were raised during the public hearing on this measure. In particular, your Committees have concerns that this measure may enable the use of public monies to help only one segment of the public - condominium owners. Your Committees also note that this measure permits condominium associations to apply for loans from the Hawaii Housing Finance and Development Corporation, an entity primarily responsible for financing and developing workforce and affordable housing. Your Committees believe these concerns warrant further discussion as this measure moves through the legislative process.

Your Committees have amended this measure by:

- (1) Removing language that would have exempted the gross proceeds of costs incurred to retrofit or install automatic fire sprinkler systems from general excise taxes;
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Public Safety, Intergovernmental, and Military Affairs that are attached to this report, your Committees are in accord with the intent and



purpose of S.B. No. 2006, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2006, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Commerce,  
Consumer Protection, and Health  
and Public Safety,  
Intergovernmental, and Military  
Affairs,



CLARENCE K. NISHIHARA, Chair




ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce, Consumer Protection, and Health**  
**CPH**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2006	CPH/PSM, WAM	2/6/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TOKUDA, Jill N. (VC)				✓
CHANG, Stanley	✓			
ESPERO, Will	✓			
IHARA, Jr., Les		✓		
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.		✓		
<b>TOTAL</b>	4	2		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes

**Record of Votes**  
**Committee on Public Safety, Intergovernmental, and Military Affairs**  
**PSM**

Bill / Resolution No.:* <b>SB 2006</b>	Committee Referral: <b>CPH/PSM, WAM</b>	Date: <b>2/6/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, Clarence K. (C)	✓			
WAKAI, Glenn (VC)		✓		
BAKER, Rosalyn H.		✓		
IHARA, Jr., Les		✓		
THIELEN, Laura H.		✓		
<b>TOTAL</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

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