

STAND. COM. REP. NO. 2213

Honolulu, Hawaii

FEB 12 2018

RE: S.B. No. 2157
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 Public Safety, Intergovernmental, and Military Affairs and Housing, to which was referred S.B. No. 2157 entitled:

"A BILL FOR AN ACT RELATING TO AUTOMATIC FIRE SUPPRESSION SYSTEMS,"

beg leave to report as follows:

The purpose and intent of this measure is to establish a temporary refundable income tax credit of twenty-five percent of the total costs, including installation costs, of an automatic fire suppression system in any new detached one- or two-family dwelling unit in a structure used only for residential purposes.

Your Committees received testimony in support of this measure from the State Fire Council, Hawai'i State Association of Counties, General Contractors Association of Hawaii, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and Kaua'i County Councilmember Derek S.K. Kawakami. Your Committees received comments on this measure from the Department of Taxation, Building Industry Association Hawaii, and Tax Foundation of Hawaii.

Your Committees find that enhanced fire safety measures in residential homes are needed to effectively protect citizens and their property from devastating losses. The vast majority of one- and two-family residences in the State lack automatic fire



suppression, or sprinkler, systems. Your Committees find that the primary reason for the lack of home fire sprinkler systems is cost. Therefore, your Committees find that it is important to provide incentives to homeowners to promote more widespread installation of automatic fire suppression systems. Further, your Committees find that an individual income tax credit is an effective method for incentivizing the adoption of this residential fire safety measure.

However, your Committees have concerns about restricting the proposed tax credit to one- or two-family dwelling units. Your Committees find that the proposed tax credit should apply more broadly to all new residential units. Your Committees also recommend that if your Committee on Ways and Means decides to hear this measure, your Committee on Ways and Means should investigate the appropriateness of broadening the proposed tax credit.

In addition, your Committees agree with the suggestion presented in testimony by the Tax Foundation of Hawaii that the proposed tax credit be non-refundable.

Accordingly, your Committees have amended this measure by:

- (1) Amending language to make all new detached dwelling units used only for residential purposes eligible for the proposed tax credit;
- (2) Changing the proposed tax credit to a non-refundable tax credit;
- (3) Changing the taxable year upon which the proposed credit shall apply to taxable years beginning after December 31, 2050, to encourage further discussion; and
- (4) 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 Public Safety, Intergovernmental, and Military Affairs and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2157, as amended herein, and recommend that it pass Second



Reading in the form attached hereto as S.B. No. 2157, S.D. 1, and
be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Public Safety,
Intergovernmental, and Military
Affairs and Housing,

Will Espero

WILL ESPERO, Chair

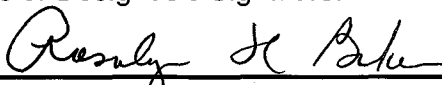
Clarence K. Nishihara

CLARENCE K. NISHIHARA, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

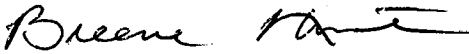
Record of Votes
Committee on Public Safety, Intergovernmental, and Military Affairs
PSM

Bill / Resolution No.:* SB 2157	Committee Referral: PSM/HOU, WAM	Date: 2-6-2018		
<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.	✓			
TOTAL	4	—	—	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Housing
HOU

Bill / Resolution No.:* SB 2157	Committee Referral: PSM/HOU, WAM	Date: 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
ESPERO, Will (C)	✓			
HARIMOTO, Breene (VC)	✓			
GREEN, Josh				✓
KAHELE, Kaiali'i				✓
NISHIHARA, Clarence K.	✓			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes