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# 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. Today's newer  
8 homes pose inherent fire hazards that not only affect occupants,  
9 but also firefighters. This is due to the following:

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

16           (2) Modern furnishings burn quicker and hotter than  
17           traditional legacy furnishings. These place occupants



1 and fire fighters in extreme peril when a fire occurs  
2 in a home without sprinklers; and

3 (3) Open plan designs contribute to rapid fire spread.

4 Higher ceiling heights and open plan designs with less  
5 compartmentalization provide larger volumes of oxygen  
6 to promote fire spread.

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

19 The purpose of this Act is to provide an incentive to  
20 owner-occupants to install an automatic fire sprinkler system in  
21 any new one- or two-family dwelling of a building that is used



1 only for residential purposes, by establishing a tax credit for  
2 a percentage of the actual cost of the system, including  
3 installation, materials, water and permitting fees, and any  
4 related charges.

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

8 "§235- Tax credit to promote the installation of fire  
9 sprinklers in residences. (a) Any qualifying taxpayer who owns  
10 and occupies a dwelling unit and files an individual income tax  
11 return for a taxable year may claim an income tax credit under  
12 this section against the Hawaii state individual net income tax.

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



- 1        (1) Only the owner-occupant of the dwelling or the  
2        purchaser installing the automatic fire sprinkler  
3        system in a new one- or two-family dwelling used only  
4        for residential purposes shall be entitled to the 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        \$5,000.
- 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 fire sprinkler system shall be allowed for the  
15 dwelling for which an automatic fire sprinkler system is  
16 required."

17       SECTION 3. New statutory material is underscored.

18       SECTION 4. This Act shall take effect on July 1, 2050, and  
19 shall:

20       (1) Apply to taxable years beginning after December 31,  
21       2019; and



1 (2) Be repealed on June 30, 2030.



**Report Title:**

State Fire Council Package; Fire Protection; Automatic Fire Sprinkler Systems; Tax Credit

**Description:**

Establishes a tax credit of 30 per cent of the actual cost, including installation, materials, water and permitting fees, and any related charges, of an automatic fire sprinkler system in any one- and two-family dwelling in a structure used only for residential purposes. Effective 7/1/2050. Sunsets 6/30/2030.  
(HD1)

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

