
A BILL FOR AN ACT

RELATING TO FIRE SPRINKLERS.

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

1 SECTION 1. The legislature finds that fire sprinklers are
2 rare in the State's one- and two-family dwellings. One reason
3 for this is the cost of installation.

4 The legislature also finds that an incentive is needed to
5 promote the installation of fire sprinklers in one- and two-
6 family dwellings.

7 The purpose of this Act is to provide an incentive to
8 install an automatic fire sprinkler or automatic fire sprinkler
9 system in any new detached one- or two-family dwelling in a
10 structure used solely for residential purposes. The incentive
11 shall be in the form of an income tax credit equal to twenty-
12 five per cent of the actual cost of the automatic fire sprinkler
13 or automatic fire sprinkler system, including installation
14 costs.

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



1 "§235 Installation of fire sprinklers in residences;
2 income tax credit. (a) Any qualifying taxpayer who files an
3 individual income tax return for a taxable year may claim an
4 income tax credit under this section against the Hawaii state
5 individual net income tax.

6 (b) The tax credit may be claimed for every eligible
7 automatic fire sprinkler or automatic fire sprinkler system that
8 the taxpayer installs and places in service during the taxable
9 year in any new detached one- or two-family dwelling unit in a
10 structure used solely for residential purposes.

11 (c) The amount of the credit shall be equal to twenty-five
12 per cent of the actual costs of each automatic fire sprinkler or
13 automatic fire sprinkler system, including installation costs.

14 (d) Multiple owners of a single automatic fire sprinkler
15 or automatic fire sprinkler system shall be entitled to a single
16 tax credit, and the tax credit shall be apportioned between the
17 owners in proportion to their contribution to the automatic fire
18 sprinkler or automatic fire sprinkler system's cost.

19 (e) If the tax credit claimed by the taxpayer under this
20 section exceeds the taxpayer's net income liability, the excess
21 of credit over liability may be used as credit against the



1 taxpayer's net income liability in subsequent years until
2 exhausted.

3 (f) The director of taxation:

4 (1) Shall prepare any forms necessary to claim a credit
5 under this section;

6 (2) May require the taxpayer to furnish reasonable
7 information to ascertain the validity of the claim for
8 credit made under this section; and

9 (3) May adopt rules pursuant to chapter 91 to effectuate
10 the purposes of this section.

11 (g) All of the provisions relating to assessments and
12 refunds under this chapter and under section 231-23(c)(1) shall
13 apply to the tax credit under this section.

14 (h) All claims for the tax credit under this section,
15 including any amended claims, shall be filed on or before the
16 end of the twelfth month following the taxable year for which
17 credit may be claimed. Failure to comply with the foregoing
18 provision shall constitute a waiver of the right to claim the
19 tax credit.

20 (i) This section shall not apply to taxable years
21 beginning after December 31, 2025."



1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act, upon its approval, shall apply to
3 taxable years beginning after December 31, 2019; provided that
4 this Act shall be repealed on June 30, 2026.

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JAN 18 2019



H.B. NO. 524

Report Title:

Fire Sprinklers; Tax Credit

Description:

Establishes a non-refundable income tax credit of 25% of the actual costs, including installation costs, of an automatic fire sprinkler or automatic fire sprinkler system in any new detached one- or two-family dwelling in a structure used solely for residential purposes. Sunsets 6/30/2026.

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

