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# 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 few one- and two-  
2 family dwellings in the State have fire sprinklers. One reason  
3 for this fact is the cost of installation. The legislature also  
4 finds that homeowners need incentives to install fire sprinklers  
5 in one- and two-family dwellings.

6           The purpose of this Act is to provide nonrefundable income  
7 tax credits to homeowners who install automatic fire sprinklers  
8 or automatic fire sprinkler systems in new detached one- or two-  
9 family residential dwellings.

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

13          "§235-       Installation of fire sprinklers in residences;  
14 income tax credit. (a) Any qualifying taxpayer who files an  
15 individual income tax return for a taxable year may claim an  
16 income tax credit under this section against the Hawaii state  
17 individual net income tax.



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

6       (c) The amount of the credit shall be equal to       per  
7 cent of the actual costs of each automatic fire sprinkler or  
8 automatic fire sprinkler system, including installation costs.

9       (d) Multiple owners of a single automatic fire sprinkler  
10 or automatic fire sprinkler system shall be entitled to a single  
11 tax credit, and the tax credit shall be apportioned between the  
12 owners in proportion to their contribution to the automatic fire  
13 sprinkler or automatic fire sprinkler system's cost.

14       (e) If the tax credit claimed by the taxpayer under this  
15 section exceeds the taxpayer's net income liability, the excess  
16 of credit over liability may be used as credit against the  
17 taxpayer's net income liability in subsequent years until  
18 exhausted.

19       (f) The director of taxation:

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



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

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

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

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

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

17       SECTION 3. New statutory material is underscored.

18       SECTION 4. This Act shall take effect on January 1, 2050.



**Report Title:**

Fire Sprinklers; Tax Credit

**Description:**

Establishes a non-refundable income tax credit for homeowners who install automatic fire sprinklers or automatic fire sprinkler systems in new detached one- or two-family dwellings in structures used solely for residential purposes. (HB524 HD1)

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

