
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 a
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. This places not only



1 occupants, but also fire fighters, in extreme peril
2 when a fire occurs 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 Accordingly, the purpose of this Act is to provide an
20 incentive to owner-occupants to install an automatic fire
21 sprinkler system in any new one- or two-family dwelling of a



1 building that is used only for residential purposes, by
2 establishing a tax credit for a percentage of the actual cost of
3 the system, including installation, materials, water and
4 permitting fees, and any 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 sprinkler system, the
18 tax credit that may be claimed shall be equal to _____ per
19 cent of the taxpayer's costs, including installation, materials,
20 water and permitting fees, and any related charges, up to
21 \$ _____ ; provided that:



1 (1) Only the owner-occupant of the dwelling or the
2 purchaser installing the automatic sprinkler system in
3 a new one- or two-family dwelling used only for
4 residential purposes shall be entitled to a single tax
5 credit; and

6 (2) Only one credit may be claimed per tax map key number.

7 (c) If the tax credit under this section exceeds the
8 taxpayer's income tax liability, the excess of the credit over
9 liability may be used as a credit against the taxpayer's income
10 tax liability in subsequent years until exhausted.

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

17 (d) The director of taxation:

18 (1) Shall prepare any forms that may be necessary to claim
19 a credit under this section;



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

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

6 (e) 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 (f) If the State or a county requires an automatic fire
10 sprinkler system to be installed, no claim for a tax credit for
11 the automatic sprinkler shall be allowed for the dwelling for
12 which an automatic fire sprinkler system is required."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 2050, and
15 shall:

16 (1) Apply to taxable years beginning after December 31,
17 2020; and

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



Report Title:

State Fire Council Package; Fire Protection; Fire Sprinklers;
Tax Credit

Description:

Establishes an income tax credit for the installation of an automatic fire sprinkler system in any new 1- or 2-family dwelling in a structure used only for residential purposes. Effective 7/1/2050. Applies to taxable years beginning after 12/31/2020. Sunsets 6/30/2030. (SD2)

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

