

---

---

# A BILL FOR AN ACT

RELATING TO LIFE-SAFETY SYSTEMS.

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

1           SECTION 1. The legislature finds that hundreds of  
2 high-rise residential buildings presently lack life-safety  
3 systems, most notably fire sprinklers, due to the absence of  
4 modern requirements for those constructed before 1975.

5           The legislature also finds that the presence of fire  
6 sprinkler systems dramatically reduces death rates and property  
7 loss. Between 2006 and 2019, forty-two individuals died in  
8 fires in Honolulu, with forty-one of those fatalities occurring  
9 in structures without fire sprinklers compared to just one in a  
10 structure with sprinklers. During the same period, two hundred  
11 and seven individuals were injured in fires within structures  
12 lacking sprinklers, compared to twelve in structures with  
13 sprinklers. An assessment of damage loss also exhibits  
14 substantial variance, with an estimated \$332,131,913 lost in  
15 structures lacking sprinklers versus \$21,709,215 in structures  
16 with sprinklers.



1           There is no equivalent alternative as effective in stopping  
2 fires as an automatic fire sprinkler system. For this reason,  
3 the city and county of Honolulu enacted ordinance 18-14,  
4 requiring high-rise residential buildings built before 1975 to  
5 either install an automatic fire sprinkler system or be  
6 subjected to future building fire and life safety evaluation  
7 code assessments.

8           Cost is the most substantial barrier for high-rise  
9 residential buildings to implement life-saving modifications.  
10 Act 199, Session Laws of Hawaii 2023, authorized condominium  
11 associations to forecast a loan or special assessment to fund  
12 life safety equipment or installations in counties with a  
13 population greater than five hundred thousand. While this  
14 sought to address the financial challenges the required changes  
15 will place on hundreds of aging buildings, it failed to offer  
16 tangible assistance.

17           The purpose of this Act is to establish a program to  
18 provide interest-free loans to condominiums to fund sprinkler  
19 installations or alternative improvements.



1 SECTION 2. Chapter 514B, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4 **"PART . FIRE-FREE LOAN PROGRAM**

5 **§514B-A Definitions.** As used in this part, unless the  
6 context otherwise requires:

7 "Administrator" means the director of commerce and consumer  
8 affairs.

9 "Financial institution" means any organization authorized  
10 to do business under state or federal laws relating to financial  
11 institutions, including without limitation, banks, savings  
12 banks, savings and loan companies or associations, financial  
13 services loan companies, and credit unions.

14 "Fund" means the fire-free revolving fund established  
15 pursuant to section 514B-G.

16 "Program" means the fire-free loan program established  
17 pursuant to section 514B-B.

18 **§514B-B Fire-free loan program; established; purpose.**

19 There is established the fire-free loan program. The purpose of  
20 the program shall be to provide interest-free loans for  
21 condominiums to install sprinklers or alternative improvements.



1           **§514B-C Administration.** (a) Except as otherwise  
2 provided, the director of commerce and consumer affairs is  
3 designated as the administrator responsible for the  
4 administration of this part. The director shall:

5           (1) Administer loans for the purpose and according to this  
6 part; and

7           (2) Adopt rules under chapter 91 to carry out the purposes  
8 of this part.

9           (b) The department may contract with any financial  
10 institution for services including servicing or administering  
11 loans pursuant to this section.

12           (c) The administrator shall prioritize making loans to  
13 projects determined to have the greatest impact on reducing the  
14 risk of loss of life and property.

15           **§514B-D Eligibility of loans.** A loan may be made to an  
16 association to:

17           (1) Install an automatic fire sprinkler system throughout  
18 the applicable building or buildings; or

19           (2) Make the necessary improvements under a county  
20 ordinance that are an alternative to an automatic fire  
21 sprinkler system.



1       **§514B-E Terms.** No loan made under the program shall:

2       (1) Include any portion or item of loss covered by a  
3             contract of insurance or for which the applicant  
4             receives assistance from any other federal, state, or  
5             county program of disaster relief;

6       (2) Be made for a term exceeding twenty years;

7       (3) Bear interest; or

8       (4) Exceed \$ .

9       The commencement date for the repayment of the first  
10     installment of principal only for each loan may be deferred for  
11     six months from the date of the loan.

12       **§514B-F Default.** If the applicant is in default of any  
13     term or condition in any loan agreement made pursuant to this  
14     part, the unpaid balance of the loan, including interest, shall,  
15     at the option of the administrator, become due and payable  
16     forthwith, and the administrator may foreclose any mortgage by  
17     any method provided by law.

18       **§514B-G Fire-free revolving fund.** (a) There is  
19     established the fire-free revolving fund, into which shall be  
20     deposited:

21       (1) Moneys appropriated by the legislature;



- 1 (2) Investment and interest earnings of the fund;
- 2 (3) Moneys received as repayment of loans, including
- 3 payments received on account of principal; and
- 4 (4) All other moneys received by the fund from any other
- 5 source.

6 (b) Moneys in the fund shall be used to make loans under  
7 the program. Moneys in the fund also may be used for  
8 administrative support associated with the program, including  
9 the hiring of necessary staff."

10 SECTION 3. In accordance with section 9 of article VII, of  
11 the Constitution of the State of Hawaii and sections 37-91 and  
12 37-93, Hawaii Revised Statutes, the legislature has determined  
13 that the appropriation contained in this Act will cause the  
14 state general fund expenditure ceiling for fiscal year 2024-2025  
15 to be exceeded by \$ , or per cent. The reasons  
16 for exceeding the general fund expenditure ceiling are that the  
17 appropriation made in this Act is necessary to serve the public  
18 interest and to meet the need provided for by this Act.

19 SECTION 4. There is appropriated out of the general fund  
20 the sum of \$ or so much thereof as may be necessary



1 for fiscal year 2024-2025 to be deposited into the fire-free  
2 revolving fund.

3 SECTION 5. There is appropriated out of the fire-free  
4 revolving fund the sum of \$ or so much thereof as may  
5 be necessary for fiscal year 2024-2025 for loans under the fire-  
6 free loan program and administration of the fire-free loan  
7 program.

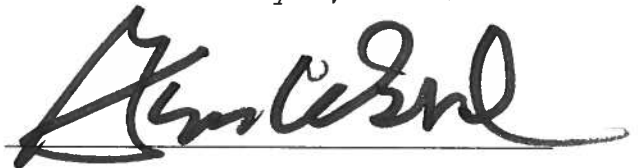
8 The sum appropriated shall be expended by the department of  
9 commerce and consumer affairs for the purposes of this Act.

10 SECTION 6. In codifying the new sections added by  
11 section 2 of this Act, the revisor of statutes shall substitute  
12 appropriate section numbers for the letters used in designating  
13 the new sections in this Act.

14 SECTION 7. This Act shall take effect on July 1, 2024.

15

INTRODUCED BY:



JAN 19 2024



# H.B. NO. 2036

**Report Title:**

Fire-free Program; DCCA; Condominiums; Fire Sprinklers; Loans;  
General Fund Expenditure Ceiling Exceeded; Appropriation

**Description:**

Establishes the Fire-free Program within the Department of Commerce and Consumer Affairs to provide interest-free loans to condominiums for the installation of fire sprinklers or alternative life safety improvements. Declares that the appropriation exceeds the state general fund expenditure ceiling for 2024-2025. Appropriates moneys.

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

