A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1   SECTION 1. Chapter 235, Hawaii Revised Statutes, is

2 amended by adding a new section to part III to be appropriately

3 designated and to read as follows:

4   "**§235-   Fire prevention and fire safety system in**

5 **condominiums; maintenance fee increase; tax credit.** (a) A

6 qualified taxpayer who owns a unit for which the association is

7 increasing the maintenance fee to comply with a county ordinance

8 requiring an automatic fire sprinkler system or alternative fire

9 prevention and fire safety system may claim a nonrefundable tax

10 credit equal to the amount by which the maintenance fee

11 increased or the amount actually paid by the taxpayer, but not

12 to exceed $; provided that no more than one

13 nonrefundable tax credit may be claimed per unit. The aggregate

14 amount of tax credits claimed under this section shall not

15 exceed $ for each taxable year.

16   (b) The credit allowed under this section shall be claimed

17 against the taxpayer's net income tax liability for the taxable

1 year in which the increase in the maintenance fee was imposed

2 and paid. If the tax credit under this section exceeds the

3 taxpayer's income tax liability, the excess of the tax credit

4 over liability may be used as a credit against the taxpayer's

5 net income tax liability in subsequent years until exhausted.

6 All claims, including amended claims, for a tax credit under

7 this section shall be filed on or before the end of the twelfth

8 month following the close of the taxable year for which the

9 credit may be claimed. Failure to comply with the foregoing

10 provision shall constitute a waiver of the right to claim the

11 credit.

12   (c)   The director of taxation:

13   (1)   Shall prepare any forms necessary to claim a tax

14   credit under this section;

15   (2)   May require proof of the claim for the tax credit; and

16   (3)   May adopt rules pursuant to chapter 91 to effectuate

17   this section.

18   (d)   For the purposes of this section:

19   "Alternative fire prevention and fire safety system" means

20 a building's safety features and fire protection systems in

21 compliance with the applicable county fire code and county

1   building code that provide a minimum level of fire and life

2   safety to occupants and fire fighters, as approved by the county

3   in which the condominium is located.

4   "Association" has the same meaning as in section 514B-3.

5   "Automatic fire sprinkler system" means automatic

6   sprinklers installed and maintained in full operating condition

7   in accordance with the applicable county fire code and as

8   approved by the county in which the condominium is located.

9   "Condominium" has the same meaning as in section 514B-3.

10   "Net income tax liability" means net income tax liability

11   reduced by all other credits allowed under this chapter.

12   "Qualified taxpayer" means a person subject to the taxes

13   imposed by this chapter and who is:

14   (1)   Filing individually with a gross income equal to or

15   less than $100,000;

16   (2)   Married filing separately with a gross income equal to

17   or less than $150,000; or

18   (3)   Married filing jointly with a combined income equal to

19   or less than $200,000.

20   "Unit" has the same meaning as in section 514B-3."

21   SECTION 2. New statutory material is underscored.

H.B. NO. 351 H.D. 2

1   SECTION 3. This Act shall take effect on June 30, 3000,

2 and shall apply to taxable years beginning after December 31,

3 2022.

4

Report Title:
Fire Prevention and Fire Safety System; Condominium Association;
Maintenance Fee Increase; Income Tax Credit

Description:
Establishes a nonrefundable income tax credit for owners of
condominium units whose association is increasing maintenance
fees to comply with a county ordinance requiring an automatic
fire sprinkler system or alternative fire prevention and fire
safety system. Effective 6/30/3000. (HD2)

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

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