

JAN 15 2025

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 be appropriately designated
3 and to read as follows:

4 "§235- Home fire safety improvement tax credit. (a)

5 There shall be allowed to each taxpayer subject to the taxes
6 imposed by this chapter, an income tax credit that shall be
7 deductible from the taxpayer's net income tax liability, if any,
8 imposed by this chapter for the taxable year in which the credit
9 is properly claimed.

10 In the case of a partnership, S corporation, estate, or
11 trust, the tax credit allowable shall be for qualified costs
12 incurred by the entity for the taxable year. The cost upon
13 which the tax credit is computed shall be determined at the
14 entity level. Distribution and share of the credit shall be
15 determined pursuant to section 704(b) of the Internal Revenue
16 Code.



1 (b) Every taxpayer claiming a tax credit under this
2 section shall submit a written, sworn statement to the
3 department of taxation no later than ninety days following the
4 end of each taxable year in which qualified costs were paid or
5 incurred, identifying:

- 6 (1) Qualified costs, if any, paid or incurred in the
7 previous taxable year; and
8 (2) The amount of tax credits claimed pursuant to this
9 section, if any, in the previous taxable year.

10 (c) The department of taxation shall:

- 11 (1) Maintain records of the names and addresses of the
12 taxpayers claiming the credit under this section and
13 the total amount of the qualified costs upon which the
14 tax credit is based;
15 (2) Verify the amount of the qualified costs;
16 (3) Total all qualified costs that the department of
17 taxation certifies; and
18 (4) Provide a letter to the director of taxation
19 specifying the amount of the tax credit for each
20 taxable year and cumulative amount of the tax credit
21 for all years claimed.



1 Upon each determination made under this subsection, the
2 department of taxation shall issue a letter to the taxpayer
3 verifying the information submitted to that department,
4 including the amount of qualified costs and the credit amount
5 qualified for in each taxable year a credit is claimed. The
6 taxpayer shall file the letter from the department of taxation
7 with the taxpayer's tax return. The director of taxation may
8 audit and adjust the tax credit amount to conform to the
9 information filed by the taxpayer.

10 (d) The insurance commissioner shall provide a certificate
11 of approval for qualified home fire safety improvements
12 implemented by taxpayers. The insurance commissioner shall
13 adopt rules pursuant to chapter 91 to implement the
14 certification requirements under this section.

15 (e) The insurance commissioner, in consultation with the
16 director of taxation, shall create a form that indicates a
17 taxpayer made qualified home fire safety improvements.

18 (f) The tax credit shall be equal to per cent of the
19 taxpayer's qualified costs subject to the following:

20 (1) The total credit allowed for a taxpayer in any taxable
21 year shall not exceed \$; and



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1 (2) The total amount of tax credits allowed under this
2 section shall not exceed \$ for all taxpayers
3 in any fiscal year. If the total amount of credits
4 claimed under this section by all taxpayers in any
5 fiscal year exceeds \$, the credit shall be
6 allowed to taxpayers based on the date of
7 certification by the insurance commissioner on a first
8 come, first served basis. Any taxpayer who is
9 certified by the insurance commissioner in a fiscal
10 year and who is not eligible to claim the credit due
11 to the \$ cap having been exceeded for that
12 fiscal year shall be eligible to claim the credit in
13 the subsequent year and shall receive priority for the
14 credit over taxpayers who receive certification in the
15 subsequent fiscal year.

16 (g) If the tax credit claimed by the taxpayer under this
17 section exceeds the amount of the income tax payments due from
18 the taxpayer, the excess of credit over payments due shall be
19 refunded to the taxpayer; provided that the tax credit properly
20 claimed by a taxpayer who has no income tax liability shall be
21 paid to the taxpayer; provided further that no refunds or



1 payments on account of the tax credit allowed by this section
2 shall be made for amounts less than \$1. All claims for the tax
3 credit under this section, including amended claims, shall be
4 filed on or before the end of the twelfth month following the
5 close of the taxable year for which the credit may be claimed.
6 Failure to comply with the foregoing provision shall constitute
7 a waiver of the right to claim the credit.

8 (h) Any credit under this section shall be recaptured
9 following the close of the taxable year for which the credit is
10 claimed if the credit was claimed for qualified costs that are
11 not certified under subsection (d) within one hundred eighty
12 days of the completion of its construction or installation.

13 The recapture shall be equal to _____ per cent of the
14 amount of the total tax credit claimed under this section in the
15 preceding three taxable years and shall be added to the
16 taxpayer's tax liability for the taxable year in which the
17 recapture occurs pursuant to this subsection.

18 (i) Every claim, including amended claims, for the tax
19 credit under this section shall be filed on or before the end of
20 the twelfth month following the close of the taxable year for
21 which the tax credit may be claimed. Failure to comply with the



1 foregoing provision shall constitute a waiver of the right to
2 claim the credit.

3 (j) No taxpayer shall claim any other credit under this
4 chapter for the same qualified costs used to properly claim a
5 tax credit under this section for the taxable year.

6 (k) The director of taxation:

7 (1) Shall prepare any forms that may be necessary to claim
8 a tax credit under this section;

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

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

14 (l) This section shall not apply to any amount paid or
15 incurred before January 1, 2026.

16 (m) For the purposes of this section:

17 "Qualified costs" means the expenses incurred in
18 constructing or installing a qualified home fire safety
19 improvement.

20 "Qualified home fire safety improvement" means an
21 improvement to a taxpayer's residence that increases the



1 residence's fire safety rating as calculated by the taxpayer's
2 homeowner's insurance policy."

3 SECTION 2. New statutory material is underscored.

4 SECTION 3. This Act, upon its approval, shall apply to
5 taxable years beginning after December 31, 2025.

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INTRODUCED BY: _____

A large, bold, handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be a single name.

S.B. NO. 376

Report Title:

Home Fire Safety Improvement Tax Credit; Insurance Commissioner;
Fire Safety; Homeowner's Insurance

Description:

Establishes a refundable income tax credit for taxpayers who construct or install improvements to their residence that increase the residence's fire safety rating as calculated by the taxpayer's homeowner's insurance policy. Applies to taxable years beginning after 12/31/2025.

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

