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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 fire sprinklers in  
2 one- and two-family dwellings are rare in the State. One reason  
3 for the lack of fire sprinklers in one- and two-family dwellings  
4 is the cost of installing fire sprinklers. The legislature also  
5 finds that an incentive is needed to promote the installation of  
6 fire sprinklers in one- and two-family dwellings in the State.

7           Therefore, the purpose of this Act is to provide an  
8 incentive to install an automatic fire sprinkler or automatic  
9 fire sprinkler system in any new detached one- or two-family  
10 dwelling unit that is in a structure used only for residential  
11 purposes. The incentive shall be in the form of an income tax  
12 credit equal to twenty-five per cent of the actual costs,  
13 including installation costs, of the automatic fire sprinkler or  
14 automatic fire sprinkler system.

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



# H.B. NO. 1672

1           "§235-       Installation of fire sprinklers in residences;  
2 income tax credit. (a) Any qualifying taxpayer who files an  
3 individual income tax return for a taxable year may claim an  
4 income tax credit under this section against the Hawaii state  
5 individual net income tax.

6           (b) The tax credit may be claimed for every eligible  
7 automatic fire sprinkler or automatic fire sprinkler system that  
8 is installed and placed in service by the taxpayer during the  
9 taxable year in any new detached one- or two-family dwelling  
10 unit that is in a structure used only for residential purposes.  
11 For each automatic fire sprinkler or automatic fire sprinkler  
12 system, the tax credit that may be claimed shall be twenty-five  
13 per cent of the actual costs, including installation costs, of  
14 the sprinkler or system; provided that multiple owners of a  
15 single automatic fire sprinkler or automatic fire sprinkler  
16 system shall be entitled to a single tax credit; and provided  
17 further that the tax credit shall be apportioned between the  
18 owners in proportion to their contribution to the cost of the  
19 automatic fire sprinkler or automatic fire sprinkler system.

20           (c) If the tax credit claimed by the taxpayer under this  
21 section exceeds the amount of the income tax payments due from



1 the taxpayer, the excess of credit over payments due shall be  
2 refunded to the taxpayer; provided that the tax credit properly  
3 claimed by a taxpayer who has no income tax liability shall be  
4 paid to the taxpayer; and provided further that no refunds or  
5 payments on account of the tax credit allowed by this section  
6 shall be made for amounts less than \$1.

7 (d) The director of taxation:

8 (1) Shall prepare such forms as may be necessary to claim  
9 a credit pursuant to this section;

10 (2) May require proof of the claim for the tax credit  
11 established in this section; and

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

14 (e) All of the provisions relating to assessments and  
15 refunds in this chapter and in section 231-23(c)(1) shall apply  
16 to the tax credit established in this section.

17 (f) Claims for the tax credit under this section,  
18 including any amended claims, shall be filed on or before the  
19 end of the twelfth month following the taxable year for which  
20 the credit may be claimed."

21 SECTION 3. New statutory material is underscored.



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1           SECTION 4. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2017; provided that  
3 this Act shall be repealed on June 30, 2025.

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INTRODUCED BY: \_\_\_\_\_

*RCam*

By Request

JAN 11 2018



# H.B. NO. 1672

**Report Title:**

Kauai County Package; Fire Sprinklers; Tax Credit

**Description:**

Establishes a refundable income tax credit of 25% of the total costs, including installation costs, of an automatic fire sprinkler or automatic fire sprinkler system in any new detached 1- or 2-family dwelling unit in a structure used only for residential purposes. Sunsets on 6/30/25.

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

