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## A BILL FOR AN ACT

RELATING TO AUTOMATIC FIRE SUPPRESSION SYSTEMS.

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

1           SECTION 1. The legislature finds that automatic fire  
2 suppression systems in one- and two-family dwellings are rare in  
3 the State. One reason for the lack of fire sprinklers in one-  
4 and two-family dwellings is the cost of installing automatic  
5 fire suppression systems. The legislature also finds that an  
6 incentive is needed to promote the installation of automatic  
7 fire suppression systems in one- and two-family dwellings in the  
8 State.

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



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

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

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



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

9        (d) The director of taxation:

10       (1) Shall prepare forms as may be necessary to claim a  
11       credit pursuant to this section;

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

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

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

19       (f) Claims for the tax credit under this section,  
20 including any amended claims, shall be filed on or before the



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1 end of the twelfth month following the taxable year for which  
2 the credit may be claimed."

3 SECTION 3. New statutory material is underscored.

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

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INTRODUCED BY: \_\_\_\_\_ *ACM*  
By Request  
JAN 16 2018



# H.B. NO. 1789

**Report Title:**

Hawaii State Association of Counties Package; Automatic Fire Suppression Systems; Tax Credit

**Description:**

Establishes a refundable income tax credit of 25% of the total costs, including installation costs, of an automatic fire suppression 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.*

