
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. The tragic fire that occurred on July 14, 2017,
2 at the Marco Polo high-rise in Honolulu, resulting in four
3 deaths and the damage or destruction of approximately two
4 hundred units in the building, brought to light the consequences
5 that can occur when a residential high-rise building lacks an
6 automatic fire sprinkler system. The loss of life, as well as
7 property damage estimates exceeding \$100,000,000, has fueled the
8 debate on the need to require the retrofitting of older
9 residential buildings with automatic fire sprinkler systems.

10 While automatic fire sprinkler systems have a proven record
11 of significantly reducing loss of life, injury, and property
12 damage caused by fires, these systems have only been required to
13 be installed in apartment and condominium buildings in Honolulu
14 since 1975. Residential high-rise buildings constructed prior
15 to 1975, including the Marco Polo, are exempt from this
16 requirement. Although the retrofitting of all high-rise hotels
17 in Honolulu constructed prior to 1975 with automatic fire



1 sprinkler systems was required in 1983 and extended to
2 commercial high-rise buildings eight years later in 2001,
3 attempts over the years to mandate similar requirements for
4 residential high-rise buildings built prior to 1975 have failed.
5 Currently, over three hundred high-rise buildings on Oahu do not
6 have automatic fire sprinkler systems.

7 One of the biggest obstacles to the installation of
8 automatic fire sprinkler systems in older residential high-rise
9 buildings is the cost of installing these systems. In 2005, a
10 city community task force trying to find ways to make the
11 installation of automatic fire sprinklers more palatable for
12 apartment and condominium owners determined that the cost for
13 installing such systems ranged from \$4,305 per unit to over
14 \$13,473 per unit depending on varying factors. More recent
15 estimates of costs associated with retrofitting these older
16 buildings with automatic fire sprinkler systems have suggested
17 that the per unit cost estimates of 2005 have doubled.
18 Offsetting the costs of installing these systems in older
19 buildings is a key component of any attempts to mandate their
20 installation.



1 While the legislature finds that retrofitting older
2 residential buildings with automatic fire sprinkler systems is
3 in the best interest of fire safety, the legislature also
4 understands the impacts the costs of installing such a system
5 will have on individual apartment and condominium owners,
6 particularly those on fixed incomes. The provision of low
7 interest loans to assist homeowners will help to alleviate some
8 of these concerns.

9 The purpose of this Act is to create an automatic fire
10 sprinkler revolving fund to provide low-interest loans for
11 installation costs associated with the installation of automatic
12 fire sprinkler systems in apartments and condominiums, built
13 before 1975, including common areas.

14 SECTION 2. Chapter 514B, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 "§514B- Automatic fire sprinkler system revolving fund.

18 (a) There is established in the state treasury the automatic
19 fire sprinkler system revolving fund. The revolving fund shall
20 be administered by the department of budget and finance. This



1 section shall be deemed to satisfy the requirements of section
2 37-52.4.

3 (b) The automatic fire sprinkler system revolving fund
4 shall consist of the following sources of revenues:

5 (1) Moneys received by the department of budget and
6 finance from the repayment of loan principal and
7 simple interest, and fees, for the purpose of
8 financing the cost of installing fire sprinklers in
9 residential high-rise buildings constructed before
10 1975;

11 (2) Appropriations from the legislature to the fund;

12 (3) Federal grants and subsidies to the State;

13 (4) Interest and investment earnings;

14 (5) Private investor contributions; and

15 (6) Voluntary contributions.

16 (c) The department of budget and finance shall expend
17 revenues in the fund to:

18 (1) Provide loans charged at the simple interest of
19 per cent to unit owners and associations for costs,
20 including water meter costs and permitting fees, of



1 installing an automatic fire sprinkler system in
2 individual units or common elements; and

3 (2) Pay costs associated with the implementation,
4 administration, and coordination of the fund.

5 (d) The department of budget and finance shall adopt rules
6 in accordance with chapter 91 for the purposes of this section."

7 SECTION 3. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so much
9 thereof as may be necessary for fiscal year 2018-2019 to be
10 deposited into the automatic fire sprinkler system revolving
11 fund.

12 SECTION 4. There is appropriated out of the automatic fire
13 sprinkler system revolving fund the sum of \$ or so much
14 thereof as may be necessary for fiscal year 2018-2019 for the
15 provision of low-interest loans for installation costs
16 associated with the installation of automatic fire sprinkler
17 systems in high-rise residential buildings, built before 1975,
18 including common areas; provided that no loans shall be
19 authorized until January 1, 2019.

20 The sum appropriated shall be expended by the department of
21 budget and finance for the purposes of this Act.



1 SECTION 5. New statutory material is underscored.

2 SECTION 6. This Act shall take effect on July 1, 2018.

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JAN 17 2018



H.B. NO. 1822

Report Title:

Automatic Fire Sprinkler Systems; Revolving Fund; Low Interest Loans; Condominiums; Apartments

Description:

Establishes the automatic fire sprinkler system revolving fund to provide low interest loans for the installation of automatic fire sprinkler systems in condominiums or apartments; provided that no loans shall be authorized until January 1, 2019.

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