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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) For taxable  
6 years beginning after December 31, 2018, any qualifying taxpayer  
7 who files an individual income tax return for a taxable year may  
8 claim an income tax credit under this section against the Hawaii  
9 state individual net income tax.

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



1 contribution to the costs of the automatic fire suppression  
2 system.

3 (c) If the tax credit claimed by the taxpayer under this  
4 section exceeds the amount of the income tax payments due from  
5 the taxpayer, the excess of credit over payments may be used as  
6 a credit against the taxpayer's net income liability in  
7 subsequent years until exhausted.

8 (d) The director of taxation:

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

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

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

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

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



1        (g) For the purposes of this section, "automatic fire  
2 suppression system" means a system that:

3        (1) Activates without human intervention to extinguish or  
4 inhibit the growth of a fire by using an extinguishing  
5 agent including but not limited to water mist/fog, gas  
6 suppression, oxygen reduction, foam, and dry  
7 chemicals; and

8        (2) Meets the standards in the International Building Code  
9 for Fire Protection Systems and the International Fire  
10 Code of the International Code Council, and the  
11 National Fire Protection Association standard for the  
12 installation of sprinkler systems in one- and two-  
13 family dwellings and manufactured homes."

14        SECTION 3. New statutory material is underscored.

15        SECTION 4. This Act shall take effect on January 1, 2019;  
16 provided that this Act shall apply to taxable years beginning  
17 after December 31, 2018; and further provided that on June 30,  
18 2025, this Act shall be repealed.



**Report Title:**

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

**Description:**

Establishes a nonrefundable 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. (HB1789 HD1)

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

