

Honolulu, Hawaii
February 16, 2018

RE: H.B. No. 1789
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Housing, to which was referred H.B. No. 1789 entitled:

"A BILL FOR AN ACT RELATING TO AUTOMATIC FIRE SUPPRESSION SYSTEMS,"

begs leave to report as follows:

The purpose of this measure is to incentivize owners of one- and two-family dwellings in residential structures to install automatic fire suppression systems by providing an income tax credit equal to twenty-five percent of the actual costs of the system, including installation costs.

The Hawaii State Fire Council, a Kauai County Councilmember, Fire Chief of the Honolulu Fire Department, Fire Chief of the Kauai Fire Department, Hawai'i State Association of Counties, General Contractors Association of Hawaii, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii supported this measure. The Department of Taxation and Building Industry Association of Hawaii offered comments for this measure.

Your Committee finds that this measure is intended to affect new one- and two-family dwellings that have not yet been occupied.



Your Committee requested, and representatives from the Hawaii State Fire Council and the Honolulu Fire Department provided, a definition of an automatic fire suppression system. The State Fire Council noted that that such systems should adhere to national standards. If this measure progresses through the legislative process, your Committee requests that stakeholders assist the Legislature in refining the definition of automatic fire suppression systems so that property owners will be able to more accurately estimate the cost of installing such a system in their dwelling units.

Your Committee has amended this measure by:

- (1) Changing the tax credit from a refundable tax credit to a non-refundable tax credit;
- (2) Defining automatic fire suppression systems that will be eligible for the credit;
- (3) Specifying that the tax credit applies to taxable years beginning after December 31, 2018; and
- (4) Making technical, non-substantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1789, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1789, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Housing,



TOM BROWER, Chair



