THE SENATE  
THIRTIETH LEGISLATURE, 2019  
STATE OF HAWAII  

S.B. NO. 633  

JAN 1 & 2019

A BILL FOR AN ACT

RELATING TO FIRE PROTECTION.

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

SECTION 1. The legislature finds that automatic fire sprinkler systems have a proven record of significantly reducing life loss, injury, and property damage caused by a fire. Only the sprinkler head closest to the fire will activate and ninety per cent of fires are contained by the operation of just one sprinkler. Today, newer homes pose inherent fire hazards that affect not only the occupants, but also firefighters. This is due to:

(1) Engineered lumber now used as a composite joist or beam as part of modern, lightweight construction material. Compared with traditional wood materials in older homes, lightweight construction assemblies collapsed in six minutes versus eighteen minutes for wood;

(2) Modern furnishings burn quicker and hotter than traditional legacy furnishings; and
Higher ceiling heights and open plan designs with less compartmentalization provide larger volumes of oxygen, which contributes to a fire's ability to spread more rapidly.

California, Maryland, and the District of Columbia require residential sprinklers in all new, one- and two-family dwellings. Nineteen states do not require sprinklers but allow local jurisdictions to require them. Communities that have adopted a residential sprinkler requirement in new, one- and two-family dwellings have not seen any decrease in the residential construction or the sale of new homes, and economies of a greater scale help reduce costs. However, residential fire sprinklers in one- and two-family dwellings are rare in the State due to their cost. The legislature finds that an incentive is needed to encourage the installation of fire sprinklers in new homes.

The purpose of this Act is to provide an incentive for an owner-occupant to install an automatic fire sprinkler system in any new, one- or two-family dwelling that is used only for residential purposes by establishing a tax credit equal to a
percentage of the actual cost of the system, including
installation, water meter, and permitting fees.

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

"§235- Automatic fire sprinkler system; income tax
credit.  (a) For taxable years beginning after December 31, 2019, and ending before January 1, 2027, there shall be allowed
to each individual taxpayer subject to the tax imposed under
this chapter, an automatic fire sprinkler system tax credit that
shall be deductible from the taxpayer's net income tax
liability, if any, imposed by this chapter for the taxable year
in which the credit is properly claimed.

(b) The tax credit may be claimed for an eligible
automatic fire sprinkler system that is installed and placed in
service by the taxpayer during the taxable year in a new, one-
or two-family dwelling owned and occupied by the taxpayer and
located in a building that is used only for residential
purposes. The tax credit that may be claimed for each automatic
sprinkler system shall be no more than thirty per cent of the
actual cost of the system, including installation, water, and permit fees; provided that:

(1) Only the owner-occupant of the dwelling or the purchaser installing the automatic sprinkler system in a new, one- or two-family dwelling used only for residential purposes shall be entitled to the tax credit;

(2) Only one credit may be claimed per tax map key number; and

(3) The amount of the credit taken shall not exceed $10,000.

(c) The basis of eligible property for depreciation or accelerated cost recovery system purposes for state income taxes shall be reduced by the amount of credit allowable and claimed. No deduction shall be allowed for that portion of otherwise deductible qualified costs for which a credit is claimed under this section.

(d) If the tax credit claimed by the taxpayer under this section exceeds the amount of the income tax payments due from the taxpayer, the excess of credit over payments due shall be
used as a credit against the taxpayer's income tax liability in
subsequent years until exhausted.

(e) The director of taxation shall prepare forms that may
be necessary to claim a credit under this section, may require
proof of the claim for the tax credit, and may adopt rules
pursuant to chapter 91 necessary to carry out this section.

(f) All of the provisions relating to assessments and
refunds under this chapter and section 231-23(c)(1) shall apply
to the tax credit under this section.

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

(h) If the State or county requires an automatic fire
sprinkler system to be installed, by an individual taxpayer,
that taxpayer shall not be eligible to claim a tax credit under
this section."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval
and shall:
(1) Apply to taxable years beginning after December 31, 2019; and

(2) Be repealed on June 30, 2027.

INTRODUCED BY: [Signature]

Clarence D. Kirklin
Report Title:
Fire Sprinklers; Income Tax Credit

Description:
Establishes a tax credit of thirty per cent of the actual cost, including installation, water meter, and permitting fees, not to exceed $10,000, for an automatic fire sprinkler system installed in any new, one- and two-family dwelling in a building used only for residential purposes. Repeals on 6/30/2027.

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