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# A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1           SECTION 1. Chapter 235, Hawaii Revised Statutes, is  
2 amended by adding a new section to part III to be appropriately  
3 designated and to read as follows:  
4           "§235-       Fire prevention and fire safety system in  
5 condominiums; maintenance fee increase; tax credit. (a) A  
6 qualified taxpayer who owns a unit for which the association is  
7 increasing the maintenance fee to comply with a county ordinance  
8 requiring an automatic fire sprinkler system or alternative fire  
9 prevention and fire safety system may claim a nonrefundable tax  
10 credit equal to the amount by which the maintenance fees  
11 increased or the amount actually paid by the taxpayer, but not  
12 to exceed \$1,000; provided that no more than one nonrefundable  
13 tax credit may be claimed per unit. The aggregate amount of tax  
14 credits claimed under this section shall not exceed \$5,000,000  
15 for each taxable year.  
16           (b) The credit allowed under this section shall be claimed  
17 against the taxpayer's net income tax liability for the taxable



1 year in which the increase in the maintenance fee was imposed  
2 and paid. If the tax credit under this section exceeds the  
3 taxpayer's income tax liability, the excess of the tax credit  
4 over liability may be used as a credit against the taxpayer's  
5 net income tax liability in subsequent years until exhausted.  
6 All claims, including amended claims, for a tax credit under  
7 this section shall be filed on or before the end of the twelfth  
8 month following the close of the taxable year for which the  
9 credit may be claimed. Failure to comply with the foregoing  
10 provision shall constitute a waiver of the right to claim the  
11 credit.

12 (c) The director of taxation:

13 (1) Shall prepare any forms necessary to claim a tax  
14 credit under this section;

15 (2) May require proof of the claim for the tax credit; and

16 (3) May adopt rules pursuant to chapter 91 to effectuate  
17 this section.

18 (d) For the purposes of this section:

19 "Alternative fire prevention and fire safety system" means  
20 a building's safety features and fire protection systems in  
21 compliance with the applicable county fire code and county



1 building code that provide a minimum level of fire and life  
2 safety to occupants and fire fighters, as approved by the county  
3 in which the condominium is located.

4 "Association" has the same meaning as in section 514B-3.

5 "Automatic fire sprinkler system" means automatic  
6 sprinklers installed and maintained in full operating condition  
7 in accordance with the applicable county fire code and as  
8 approved by the county in which the condominium is located.

9 "Condominium" has the same meaning as in section 514B-3.

10 "Net income tax liability" means net income tax liability  
11 reduced by all other credits allowed under this chapter.

12 "Qualified taxpayer" means a person subject to the taxes  
13 imposed by this chapter and who is:

14 (1) Filing individually with a gross income equal to or  
15 less than \$100,000;

16 (2) Married filing separately with a gross income equal to  
17 or less than \$150,000; or

18 (3) Married filing jointly with a combined income equal to  
19 or less than \$200,000.

20 "Unit" has the same meaning as in section 514B-3."

21 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on June 30, 3000,  
2 and shall apply to taxable years beginning after December 31,  
3 2022.

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**Report Title:**

Fire Prevention and Fire Safety System; Condominium Association;  
Maintenance Fee Increase; Income Tax Credit

**Description:**

Establishes a nonrefundable income tax credit for owners of  
condominium units whose association is increasing maintenance  
fees to comply with a county ordinance requiring an automatic  
fire sprinkler system or alternative fire prevention and fire  
safety system. Effective 6/30/3000. (HD1)

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