

JAN 18 2007

A BILL FOR AN ACT

RELATING TO INCOME 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 be appropriately designated
3 and to read as follows:

4 "§235- School tuition tax credit. (a) There shall be
5 allowed to each taxpayer subject to the taxes imposed by this
6 chapter, an income tax credit for tuition paid to elementary or
7 secondary educational institutions situated in this State. This
8 credit shall be deductible from the taxpayer's net income tax
9 liability, if any, imposed by this chapter for the taxable year
10 in which the credit is properly claimed.

11 (b) Only taxpayers who are the parent or guardian of an
12 unemancipated minor-student shall be eligible for this credit.

13 (c) The amount of the credit shall be the lesser of:

14 (1) the first \$5,000 paid as tuition per
15 unemancipated minor-student per year, or

16 (2) the total cost of school tuition incurred by the
17 taxpayer.



1 (d) As used in this section, "tuition" means any charges
2 for the expenses of personnel, buildings, equipment and
3 materials other than text books, and other expenses of
4 elementary or secondary schools which relate to the teaching
5 only of those subjects legally and commonly taught in public
6 elementary and secondary schools in this State and which do not
7 relate to the teachings of religious tenets, doctrines, or
8 worship, the purpose of which is to inculcate those tenets,
9 doctrines, or worship. "Tuition" includes those expenses which
10 relate to extracurricular activities including sports events,
11 musical or dramatic performances, speech activities, or programs
12 of a similar nature.

13 (e) The credit allowed under this section shall be claimed
14 against the net income tax liability for the taxable year.

15 (f) If the tax credit under this section exceeds the
16 taxpayer's income tax liability, the excess credit over
17 liability may be used as a credit against the taxpayer's income
18 tax liability in subsequent years until exhausted. All claims
19 for a tax credit under this section shall be filed on or before
20 the end of the twelfth month following the close of the taxable
21 year for which the credit may be claimed. Failure to comply



S.B. NO. 124

1 with the foregoing provision shall constitute a waiver of the
2 right to claim the credit.

3 (g) The director of taxation shall prepare any forms that
4 may be necessary to claim a credit under this section. The
5 director may also require the taxpayer to furnish information to
6 ascertain the validity of the claim for credit made under this
7 section and may adopt rules necessary to effectuate the purposes
8 of this section pursuant to chapter 91.

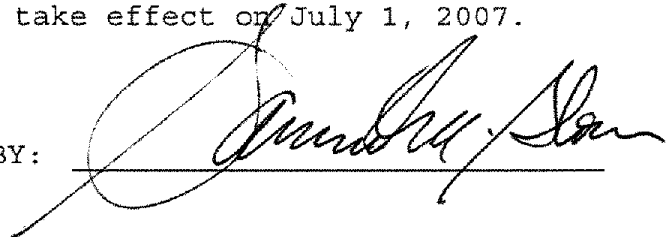
9 (h) The tax credit allowed under this section shall be
10 available for taxable years beginning after December 31, 2006."

11 SECTION 2. New statutory material is underscored.

12 SECTION 3. This Act shall take effect on July 1, 2007.

13

INTRODUCED BY:



A handwritten signature in black ink, appearing to read "D. S. S.", is written over a horizontal line that follows the text "INTRODUCED BY:". The signature is stylized and cursive.



Report Title:

Tax Credits; school tuition

Description:

Provides an income tax credit for private school tuition.

