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# A BILL FOR AN ACT

RELATING TO A COLLEGE SAVINGS PROGRAM TAX CREDIT.

**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-   College savings program tax credit.   (a) There  
5 shall be allowed to each taxpayer subject to the tax imposed  
6 under this chapter, a college savings program tax credit equal  
7 to the amount determined under subsections (b), (c), and (d).  
8 The tax credit shall apply to any contribution made after  
9 December 31, 2008, and before January 1, 2014, to the account of  
10 a designated beneficiary of a college account under chapter 256;  
11 provided that the credit shall not apply to contributions rolled  
12 over from another account or any other source.

13           (b) For taxpayers filing jointly, the tax credit shall be  
14 the following amounts of the taxpayers' adjusted gross income:

15	<u>If the adjusted gross income is:</u>	<u>The tax credit shall be:</u>
16	<u>Less than \$ _____</u>	<u>% of the amount</u>
17		<u>contributed</u>
18	<u>\$ _____ or more,</u>	<u>% of the amount</u>



1                    but less than \$ \_\_\_\_\_                    contributed  
2                    \$ \_\_\_\_\_ or more,                    % of the amount  
3                    but less than \$ \_\_\_\_\_                    contributed  
4                    \$ \_\_\_\_\_ or more,                    % of the amount  
5                    contributed.

6            (c) For taxpayers filing individually, the tax credit  
7 shall be the following amounts of the taxpayers' adjusted gross  
8 income:

9	<u>If the adjusted gross income is:</u>	<u>The tax credit shall be:</u>
10	<u>Less than \$ _____</u>	<u>% of the amount</u>
11		<u>contributed</u>
12	<u>\$ _____ or more,</u>	<u>% of the amount</u>
13	<u>but less than \$ _____</u>	<u>contributed</u>
14	<u>\$ _____ or more,</u>	<u>% of the amount</u>
15	<u>but less than \$ _____</u>	<u>contributed</u>
16	<u>\$ _____ or more,</u>	<u>% of the amount</u>
17		<u>contributed.</u>

18            (d) For taxpayers filing as head of household, the tax  
19 credit shall be the following amounts of the taxpayers' adjusted  
20 gross income:

21	<u>If the adjusted gross income is:</u>	<u>The tax credit shall be:</u>
22	<u>Less than \$ _____</u>	<u>% of the amount</u>



1		<u>contributed</u>
2	\$ _____ or more,	<u>% of the amount</u>
3	but less than \$ _____	<u>contributed</u>
4	\$ _____ or more,	<u>% of the amount</u>
5	but less than \$ _____	<u>contributed</u>
6	\$ _____ or more,	<u>% of the amount</u>
7		<u>contributed.</u>

8 (e) The amount of the tax credit taken shall not exceed  
9 \$500 for contributions made on behalf of each designated  
10 beneficiary during each taxable year.

11 (f) For purposes of this section, the terms "college  
12 account" and "designated beneficiary" shall have the same  
13 meanings as in section 256-1.

14 (g) No tax credit shall be allowed under this section for  
15 any contribution made on behalf of any designated beneficiary  
16 when the value of the beneficiary's account at the time of the  
17 contribution equals or exceeds the maximum investment level  
18 referred to under section 256-4(1).

19 (h) The tax imposed by this part for the taxable year  
20 shall be increased by an amount equal to the tax credit allowed  
21 under subsection (a) for that taxable year and all prior taxable



1 years for contributions made by the taxpayer to a college  
2 account when:

3 (1) The taxpayer cancels the tuition savings agreement  
4 under chapter 256; or

5 (2) The taxpayer makes a nonqualified withdrawal as  
6 defined in section 256-1.

7 (i) The director of taxation shall prepare forms that may  
8 be necessary to claim a credit under this section, may require  
9 proof of the claim for the tax credit, and may adopt rules  
10 pursuant to chapter 91 to effectuate this section.

11 (j) Claims for the tax credit under this section,  
12 including any amended claims thereof, shall be filed on or  
13 before the end of the twelfth month following the taxable year  
14 for which the credit may be claimed. Failure to properly and  
15 timely claim the credit shall constitute a waiver of the right  
16 to claim the credit.

17 (k) If the tax credit under this section exceeds the  
18 taxpayer's income tax liability, the excess of credit over  
19 liability may be used as a credit against the taxpayer's income  
20 tax liability in subsequent years until exhausted."

21 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 2035, and  
2 shall apply to taxable years beginning after December 31, .



**Report Title:**

College Savings Program Tax Credit

**Description:**

Establishes a college savings program tax credit. (SD1)

