

Honolulu, Hawaii

March 18, 2008

RE: S.B. No. 2660
S.D. 3
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.B. No. 2660, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO COLLEGE SAVINGS PROGRAMS,"

begs leave to report as follows:

The purpose of this bill is to increase the participation of
Hawaii taxpayers in the State's college savings program by
providing a state income tax deduction for contributions made to
the program.

The Securities Industry and Financial Markets Association
testified in support of this bill. The Department of Taxation,
Department of Budget and Finance, and Hawaii Association of
Independent Schools supported the intent of this measure. The Tax
Foundation of Hawaii and Upromise Investments, Inc., offered
comments.

Your Committee has amended this bill by:

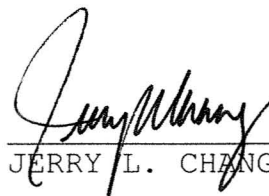
- (1) Increasing the maximum amount of the income tax
deduction as follows:
 - (A) From \$5,000 to \$10,000 for individual taxpayers;



- (B) From \$5,000 to \$10,000 for married couples filing separate returns; provided that each spouse may claim a deduction of up to \$10,000; and
 - (C) From \$10,000 to \$20,000 for married couples filing joint returns, individuals filing as the head of the household, or individuals filing as surviving spouses;
- (2) Clarifying that the aggregate deduction amount for each taxpayer cannot exceed \$75,000 for each college savings account;
 - (3) Providing that amounts withdrawn from a college savings account and not used for a qualified tuition program will be added to the taxpayer's taxable income for that year, with certain exceptions; and
 - (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2660, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2660, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education,



JERRY L. CHANG, Chair



