
A BILL FOR AN ACT

RELATING TO THE STATE OF HAWAII COLLEGE SAVINGS PROGRAM.

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

1 SECTION 1. In 2002, the State of Hawaii established a
2 college savings program called "TuitionEDGE" pursuant to
3 chapter 256, Hawaii Revised Statutes, and Section 529 of the
4 Internal Revenue Code of 1986, as amended. In November 2007,
5 the State contracted with a new program manager and changed its
6 name to "HI529 - Hawaii's College Savings Program." The program
7 was established and exists to assist and encourage families to
8 set aside funds for future higher education expenses.

9 As of September 30, 2008, there were approximately three
10 thousand seven hundred accounts in the program and \$39,400,000
11 in program assets. The asset size of Hawaii's program is
12 relatively small and the participation rate is low compared to
13 other states' college savings programs. The State would like to
14 see the program grow and assist more families with saving for
15 college. In these challenging economic times, it is even more
16 important to find ways to help families reach their educational
17 goals. This Act will allow third parties, such as grandparents

1 and other relatives and friends, to contribute directly to a
2 college savings account for a designated beneficiary. This will
3 enable relatives or friends to easily make contributions into a
4 HI529 account set up for the special child or individual they
5 want to help with achieving their college dreams.

6 SECTION 2. Section 256-4, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) [~~Only the account owner may make contributions to the~~
9 ~~account~~] Any person or entity, regardless of whether the person
10 or entity is the account owner, may make contributions to the
11 account after the account is opened."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 2050, and
15 shall apply to taxable years beginning after December 31, 2008.

Report Title:

College Savings Program

Description:

Supports investment in a child's future by allowing family members and friends to contribute to State-established HI529 college savings accounts that currently only account owners can contribute to. Effective 7/1/50. (SD2)