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# A BILL FOR AN ACT

RELATING TO THE SCIENCE, TECHNOLOGY, ENGINEERING, AND MATH  
INCOME TAX CREDIT.

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

1           SECTION 1.   Since 2007, the legislature, governor,  
2 department of education, University of Hawaii community  
3 colleges, department of human services, and department of  
4 business, economic development, and tourism have worked  
5 collaboratively to create an educational focus on science,  
6 technology, engineering, and math programs in public schools.  
7 These areas of education will help Hawaii's students develop  
8 world-class analytical and problem-solving skills that will make  
9 them employable in the future and help the state become globally  
10 competitive.

11           This Act creates a tax credit that can be claimed by  
12 individuals and businesses who donate money to directly support  
13 a qualifying science, technology, engineering, and mathematics  
14 program at a Hawaii public school, as certified by the  
15 department of taxation, in collaboration with the department of  
16 education, career and technical education program office, and  
17 University of Hawaii community colleges. The creation of this



1 new funding mechanism allows the community to directly support  
2 science, technology, engineering, and mathematics education,  
3 which contributes to the development of an internationally  
4 competitive and thriving labor force within Hawaii.

5 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
6 amended by adding a new section to be appropriately designated  
7 and to read as follows:

8 "§235- Science, technology, engineering, and math  
9 education tax credit. (a) There shall be allowed to each  
10 taxpayer subject to the taxes imposed by this chapter, a  
11 science, technology, engineering, and math education tax credit  
12 that shall be deductible from the taxpayer's net income tax  
13 liability, if any, imposed by this chapter for the taxable year  
14 in which the credit is properly claimed.

15 (b) The amount of the tax credit shall be fifty per cent  
16 of the amount donated to a qualifying science, technology,  
17 engineering, and math program, subject to the limitations  
18 provided in this section.

19 (c) The amount of credit allowable shall be subject to the  
20 following limitations per taxable year:



- 1       (1) For individuals other than persons filing a joint  
2       return, the amount of the tax credit shall not exceed  
3       \$ \_\_\_\_\_ ;
- 4       (2) For persons filing a joint return, the amount of the  
5       tax credit shall not exceed \$ \_\_\_\_\_ ;
- 6       (3) In the case of a corporation, the amount of the tax  
7       credit shall not exceed \$ \_\_\_\_\_ ;
- 8       (4) In the case of a partnership, S corporation, or estate  
9       or trust, the tax credit is allowable for cash donated  
10       by the entity and shall not exceed \$ \_\_\_\_\_ per return  
11       of the partnership, S corporation, or estate or trust,  
12       filed in any taxable year. Allocations of the tax  
13       credit shall be determined under the income tax rules  
14       governing allocations of credits; and
- 15       (5) An allocation of the tax credit under this subsection  
16       is subject to the limitations in paragraphs (1), (2),  
17       (3), and (4).
- 18       (d) The department shall maintain records of and certify  
19       the total amount of the donations eligible for the credit made  
20       during the taxable year, including donations made to a  
21       qualifying science, technology, engineering, and math program.  
22       All donations eligible for the credit shall be verified by the



1 department, in consultation with the department of education,  
2 career and technical education program office, and University of  
3 Hawaii community colleges. The department shall total and  
4 record all of the certified donations. Upon each determination,  
5 the department shall issue a certificate to the taxpayer  
6 certifying the amount of the donations eligible to be claimed as  
7 a credit. To claim the credit, the taxpayer shall file the  
8 certificate from the department with the taxpayer's tax return.  
9 The department shall certify no more than \$1,000,000 in  
10 donations in the aggregate for all taxpayers for each taxable  
11 year. When the total amount of certified donations reaches  
12 \$1,000,000, the department shall immediately discontinue  
13 certifying donations.

14 (e) If the tax credit claimed by a taxpayer exceeds the  
15 taxpayer's income tax liability, the excess of the tax credit  
16 over liability may be used as a credit against the taxpayer's  
17 income liability for up to five consecutive taxable years  
18 following the year of the donation until exhausted, subject to  
19 the limitations in subsection (c). If the credit is not  
20 exhausted within the five consecutive taxable years following  
21 the year of the donation, the credit shall expire.



1        (f) If a deduction is taken under Section 170 (with  
2 respect to charitable contributions and gifts) of the Internal  
3 Revenue Code on the taxpayer's federal or state income tax  
4 return for the amount donated to a qualifying science,  
5 technology, engineering, and math program, no tax credit shall  
6 be allowed for that portion of the donation for which the  
7 deduction was taken.

8        (g) The director of taxation shall prepare forms as may be  
9 necessary to claim a credit under this section. The director  
10 may also require the taxpayer to furnish reasonable information  
11 to allow the director to ascertain the validity of the claim for  
12 credit made under this section. The director may adopt rules  
13 necessary to effectuate the purposes of this section pursuant to  
14 chapter 91.

15        (h) All claims for the tax credit under this section,  
16 including any amended claims, shall be filed on or before the  
17 end of the twelfth month following the close of the taxable year  
18 for which the credit may be claimed. Failure to comply with the  
19 foregoing provision shall constitute a waiver of the right to  
20 claim the credit.

21        (i) As used in this section, the term "qualifying science,  
22 technology, engineering, and math program" means a program at a



1 primary, middle, or high school, operated by the department of  
2 education, that has been approved by the department of business,  
3 economic development, and tourism in collaboration with the  
4 department of education, career and technical education program  
5 office, and the University of Hawaii community colleges to  
6 participate in its science, technology, engineering, and math  
7 educational programs."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act, upon its approval, shall apply to  
10 taxable years beginning after December 31, 2008.



**Report Title:**

Donations to STEM Programs; Income Tax Credit

**Description:**

Provides an income tax credit for donations made to qualifying science, technology, engineering, and math programs at Hawaii public schools. (HB1082 HD2)

