
A BILL FOR AN ACT

RELATING TO HIGHER EDUCATION AFFORDABILITY.

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- Higher education tax credit. (a) Each resident
5 individual taxpayer who files an individual income tax return
6 for a taxable year and who is not claimed, or is not otherwise
7 eligible to be claimed, as a dependent by another taxpayer for
8 income tax purposes, may claim a higher education tax credit of
9 per cent of costs directly related to higher education for
10 each dependent enrolled full-time as of December 31 of the
11 previous year at a college or university located within this
12 state. For the taxpayer to qualify for this tax credit, the
13 dependent for which the credit was applied shall have performed
14 at least one hundred hours of public service.

15 (b) For purposes of claiming the tax credit allowed by
16 this section, a resident individual taxpayer shall use the same
17 filing status on the taxpayer's Hawaii tax return as used on the
18 taxpayer's federal return for the taxable year. In the case of



1 a husband and wife filing separately, the credit allowed may be
2 applied against the tax of either, or divided between them, as
3 they elect.

4 (c) If the tax credit under this section exceeds the
5 taxpayer's income tax liability, the excess of tax credit over
6 liability shall be refunded to the taxpayer; provided that no
7 refund or payment on account of the tax credit allowed by this
8 section shall be made for amounts less than \$1.

9 (d) All claims including any amended claims for a tax
10 credit under this section shall be filed on or before the end of
11 the twelfth month following the close of the taxable year for
12 which the tax credit may be claimed; provided that failure to
13 comply with this provision shall constitute a waiver of the
14 right to claim the tax credit.

15 (e) The director of taxation:

16 (1) Shall prepare such forms as may be necessary to claim
17 a tax credit under this section;

18 (2) May require proof of the claim for the tax credit;

19 (3) Shall alert eligible taxpayers of the tax credit using
20 appropriate and available data;

21 (4) Shall prepare an annual report containing:



- 1 (A) The number of credits granted for the prior
- 2 calendar year;
- 3 (B) The total dollar amount of the credits granted;
- 4 and
- 5 (C) The average value of the credits granted to
- 6 taxpayers whose earned income falls within
- 7 various income ranges;
- 8 and
- 9 (5) May adopt rules pursuant to chapter 91 to effectuate
- 10 this section."

11 SECTION 2. New statutory material is underscored.

12 SECTION 3. This Act shall take effect upon its approval

13 and shall apply to taxable years beginning after December 31,

14 2009.

15

INTRODUCED BY: *Della A. Belatti*

JAN 23 2009

Report Title:

Higher Education Tax Credit

Description:

Establishes a refundable higher education tax credit.

