
A BILL FOR AN ACT

RELATING TO TAXATION.

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- Adopt a school program tax credit. (a) There
5 shall be allowed to each taxpayer who is subject to the tax
6 imposed by this chapter, and does not owe the State delinquent
7 taxes, penalties, or interest, a credit for products or services
8 donated to reduce the amount of state funds expended on the
9 operating costs of a public school being considered for closure
10 by the department of education. The credit shall be deductible
11 from the taxpayer's net income tax liability, if any, imposed by
12 this chapter for the taxable year in which the credit is
13 properly claimed.
14 (b) The amount of the credit determined under this section
15 for the taxable year shall be equal to per cent of the
16 value of products or services donated to the department of
17 education; provided that the aggregate value of the donated



1 products or services claimed by a taxpayer shall not exceed
2 \$ _____.

3 (c) The department of education shall determine whether a
4 product or service may be accepted for the purposes of this
5 section. The department of education shall base this
6 determination on whether a donation of the product or service
7 offered will result in a reduction of the amount of state funds
8 expended on a public school being considered for closure.

9 In order to qualify for the tax credit allowed under this
10 section, the product or service offered by a taxpayer for
11 donation must be determined, by the department of education, to
12 be acceptable for the purposes of this section.

13 (d) For purposes of this section:

14 "Public school" has the same meaning as "public schools"
15 defined in section 302A-101.

16 "Value of products or services donated" means the fair
17 market value of donated products or uncompensated services or
18 labor as determined and certified by the department of
19 accounting and general services.

20 (e) The credit allowed under this section shall be claimed
21 against net income tax liability for the taxable year. A tax
22 credit under this section which exceeds the taxpayer's income



1 tax liability may be used as a credit against the taxpayer's
2 income tax liability in subsequent years until exhausted.

3 (f) All claims for tax credits under this section,
4 including any amended claims, shall be filed on or before the
5 end of the twelfth month following the close of the taxable year
6 for which the credits may be claimed. Failure to comply with
7 the foregoing provision shall constitute a waiver of the right
8 to claim the credit.

9 (g) The department of education shall maintain records of
10 the names of taxpayers eligible for the credit and the total
11 value of products or services donated for the taxable year. All
12 contributions shall be verified by the department of education.
13 The department of education shall total all contributions that
14 the department of education certifies. Upon each determination,
15 the department of education shall issue a certificate to the
16 taxpayer certifying:

- 17 (1) The amount of the donation;
18 (2) That the donation shall be used to reduce the amount
19 of state funds expended on operating costs for a
20 public school being considered for closure; and
21 (3) That the taxpayer has obtained a current and valid
22 certificate signed by the director of taxation,



1 showing that the taxpayer does not owe the State any
2 delinquent taxes, penalties, or interest.

3 The taxpayer shall file the certificate from the department
4 of education with the taxpayer's tax return with the department
5 of taxation. When the total amount of certified donations
6 reaches \$ _____, the department of education shall
7 immediately discontinue certifying donations and notify the
8 department of taxation. In no instance shall the total amount
9 of certified donations exceed \$ _____ for each taxable year.

10 (h) The State shall provide not more than \$ _____ in
11 tax credits for products or services donated to reduce the
12 amount of state funds expended on the operating costs of a
13 public school being considered for closure by the department of
14 education.

15 (i) The director of taxation:

16 (1) Shall prepare any forms that may be necessary to allow
17 a credit to be claimed under this section; and

18 (2) May adopt rules pursuant to chapter 91 to effectuate
19 the purposes of this section."

20 SECTION 2. The department of education shall adopt or
21 amend rules pursuant to chapter 91, Hawaii Revised Statutes, to
22 develop a program to determine what donations can be accepted to



H.B. NO. 2972

1 reduce the amount of state funds expended on the operating costs
2 of public schools being considered for closure.

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon approval and
5 shall apply to taxable years beginning after December 31, 2009.

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[Signature]

INTRODUCED BY:

Mele Carrer

Ray D'Amico

[Signature]

*J. Phil. Kramer
Jesse Carbo
Wanni Mouri*

JAN 27 2010



Report Title:

Public Schools; Tax Credit

Description:

Allows a tax credit for donations of products or services to reduce the amount of state funds expended on operating costs of public schools being considered for closure. Requires the department of education to determine what donations are acceptable.

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