
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- Schools considered for closure; adopt a school
5 program tax credit. (a) There shall be allowed to each
6 taxpayer who is subject to the tax imposed by this chapter, a
7 credit for products or services donated to a public school being
8 considered for closure by the department of education.

9 (b) The credit shall be deductible from the taxpayer's net
10 income tax liability, if any, imposed by this chapter for the
11 taxable year in which the credit is properly claimed.

12 The amount of the credit shall be equal to _____ per cent
13 of the value of products or services donated; provided that the
14 aggregate value of the donated products or services claimed by a
15 taxpayer shall not exceed \$ _____.

16 (c) The department of education shall certify whether a
17 product or service may be accepted for the purposes of this
18 section based upon whether the donation will result in a



1 reduction of the amount of state funds expended on a public
2 school being considered for closure.

3 To qualify for the tax credit allowed under this section,
4 the taxpayer shall obtain a tax clearance before a donation is
5 certified under subsection (g).

6 (d) For purposes of this section:

7 "Public school" has the same meaning as defined in section
8 302A-101.

9 "Value of products or services donated" means the fair
10 market value of the donated products, uncompensated services, or
11 labor as determined and certified by the department of
12 accounting and general services.

13 (e) The credit allowed under this section shall be claimed
14 against net income tax liability for the taxable year. A tax
15 credit under this section that exceeds the taxpayer's income tax
16 liability may be used as a credit against the taxpayer's income
17 tax liability in subsequent years until exhausted.

18 (f) All claims for tax credits under this section,
19 including any amended claims, shall be filed on or before the
20 end of the twelfth month following the close of the taxable year
21 for which the credits may be claimed. Failure to comply with



1 the foregoing provision shall constitute a waiver of the right
2 to claim the credit.

3 (g) If warranted, all contributions shall be certified and
4 totalled by the department of education. The department of
5 education shall maintain records of the names of taxpayers
6 eligible for certified claims for each taxable year. The
7 certification shall include:

8 (1) The amount of the donation;

9 (2) A statement that the donation shall be used to reduce
10 the amount of state funds expended on operating costs
11 for a public school being considered for closure; and

12 (3) A statement that the taxpayer has obtained a current
13 and valid tax clearance from the department of
14 taxation.

15 The taxpayer shall file the certificate from the department
16 of education with the taxpayer's tax return with the department
17 of taxation. The total amount of certified donations shall not
18 exceed \$ _____ for each taxable year.

19 (h) The director of taxation:

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



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

3 SECTION 2. The department of education shall adopt rules
4 pursuant to chapter 91, Hawaii Revised Statutes, to effectuate
5 this Act, including developing a program to certify the type of
6 donations that may be accepted to reduce the amount of state
7 funds expended on the operating costs of public schools being
8 considered for closure.

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect upon its approval
11 and shall apply to taxable years beginning after December 31,
12 2010.

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Report Title:

Public School Closure; Tax Credit

Description:

Provides 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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