
A BILL FOR AN ACT

RELATING TO PERSONS WITH DISABILITIES.

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

1 SECTION 1. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 **DEVELOPMENT ACCOUNTS FOR PERSONS WITH DISABILITIES**

6 § -1 **Definitions.** As used in this chapter:

7 "Account" means an optional, interest bearing, tax-
8 benefitted account used exclusively for the payment of qualified
9 expenses of an eligible individual certified by a qualified
10 physician.

11 "Financial institution" means an organization authorized to
12 do business pursuant to chapter 412 or under federal laws
13 relating to financial institutions, and includes a bank, savings
14 bank, building and loan association, savings and loan company or
15 association, and credit union.

16 "Individual with a disability" means an individual having a
17 physical or intellectual impairment that substantially limits
18 one or more major life activities, having a record of that



1 impairment, or being regarded as having that impairment;
2 provided that the disabling impairment is certified by a
3 qualified physician.

4 "Qualified expenses" means expenses made for the benefit of
5 an individual with a disability, including costs for:

- 6 (1) Education, such as tuition, books, supplies, tutors,
7 and special education costs;
- 8 (2) Housing, such as rent, mortgage payments, real
9 property taxes, home improvements aimed at assisting
10 the individual with a disability, and utility charges;
- 11 (3) Transportation, such as the use of mass transit, or
12 the purchase or modification of vehicles;
- 13 (4) Employment expenses, such as costs related to job-
14 related training, assistive technology, and personal
15 assistance supports;
- 16 (5) Health, prevention, and wellness, such as premiums for
17 health insurance, mental health, medical, vision, and
18 dental expenses; habilitation and rehabilitation
19 services; medical equipment; long-term care services
20 and supports; nutritional management; and other
21 assistive medical technology or personal assistance;
22 and



1 (6) Administrative costs, such as financial and
2 administrative services, legal fees, monitoring, and
3 funeral and burial expenses.

4 "Qualified physician" means:

5 (1) A physician or osteopathic physician licensed under
6 chapter 453;

7 (2) A qualified out-of-state physician who is currently
8 licensed to practice in the state in which the
9 physician resides; or

10 (3) A commissioned medical officer in the United States
11 Army, Navy, Marine Corps, or Public Health Service,
12 engaged in the discharge of one's official duty.

13 **§ -2 Tax-free savings account for individuals with a**
14 **disability established; eligible individuals.** (a) There is
15 established a tax-free savings account for individuals with a
16 disability to enable individuals with a disability and the
17 families of individuals with a disability to save for the care
18 of the individual, while also maintaining their status for state
19 assistance.

20 (b) All individuals with a disability in the State shall
21 be eligible for accounts under this chapter.



1 **§ -3 Financial institutions.** (a) Financial institutions
2 may establish accounts pursuant to this chapter. The financial
3 institution shall certify that the accounts have been
4 established pursuant to all of the provisions of this chapter
5 and that deposits have been made on behalf of the account
6 holder.

7 (b) A financial institution establishing an individual
8 development account shall:

9 (1) Keep the account in the name of the account holder;

10 (2) Take appropriate steps to verify the eligibility of an
11 individual with a disability;

12 (3) Permit deposits to be made in the account by the
13 following, subject to the indicated conditions:

14 (A) The account holder; or

15 (B) A contribution made on behalf of the account
16 holder; and

17 (4) Take appropriate steps to verify that withdrawals are
18 made for qualified costs.

19 **§ -4 Assets; disregarded.** The department of human
20 services shall collaborate with account holders to ensure that
21 the accounts as provided for in this chapter, including any
22 earned interest, shall be disregarded in the determination of



H.B. NO. 2475

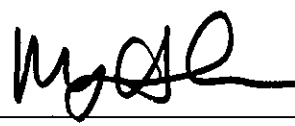
1 benefits or eligibility for services account holders may receive
2 from the department of human services as allowed by federal and
3 state laws and regulations.

4 The department of human services shall establish rules to
5 be aligned with accounts.

6 § -5 Tax exemption. Notwithstanding any other provision
7 to the contrary, interest earned in amounts deposited into an
8 account and the withdrawal of account funds shall be exempt from
9 taxation."

10 SECTION 2. This Act shall take effect upon its approval.

11

INTRODUCED BY: 

JAN 22 2014



H.B. NO. 2475

Report Title:

Individuals with a Disability; Taxation; Savings Account

Description:

Establishes provisions allowing financial institutions to provide individuals with a disability a tax-benefitted savings account. Amounts deposited into such accounts do not affect eligibility limits for state assistance.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

