

STAND. COM. REP. NO. **2969**

Honolulu, Hawaii

MAR 20 2014

RE: H.B. No. 2576
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Education, to which was referred H.B. No. 2576, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an income tax credit for contributions of money or in-kinds goods and services for the development of charter school facilities;
- (2) Establish the Hawaii charter school facility development special fund; and
- (3) Make appropriations to support charter school facilities.

Your Committee received testimony in support of this measure from the State Public Charter School Commission, Kamehameha Schools, Hawaiian Education Council, Hawaii Charter School Network, and five individuals. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committee finds that funding for facilities at Hawaii's charter schools has been a longstanding issue that needs creative solutions. This measure will encourage donations of money and



in-kind goods and services to charter schools to assist with their facilities' needs.

Your Committee has amended this measure by:

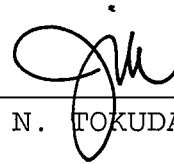
- (1) Clarifying that the amount of the tax credit shall be equal to an unspecified percentage of the value of in-kind goods and services and cash contributions to the Hawaii charter school facility development fund (special fund);
- (2) Inserting language that prohibits a taxpayer from using the same wages paid for both a deduction and a tax credit;
- (3) Clarifying that the definition of "charter schools" has the same meaning as defined in section 302D-1, Hawaii Revised Statutes (HRS), rather than section 302A-101, HRS;
- (4) Clarifying that the State Public Charter School Commission, rather than the Department of Education, is authorized to determine the necessity of expenditures from the special fund;
- (5) Clarifying that the monies in the special fund may be pledged to secure loans from private lending institutions for financially sound, rather than financially stable, charter schools, as the term "financially sound" is currently used to determine the operational viability of charter schools;
- (6) Making this measure apply to taxable years beginning after December 31, 2014;
- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that in the future, the Legislature may wish to consider creating a special fund for charter schools.



As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2576, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2576, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Education,



JILL N. TOKUDA, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:* HB 2570 HDI	Committee Referral: EDU, WAM	Date: 3-17-14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
GABBARD, Mike	✓			
RUDERMAN, Russell E.	✓			
SLOM, Sam				✓
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Michelle N. Kidani</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes