A BILL FOR AN ACT

RELATING TO COLLEGE SAVINGS PROGRAM TAX DEDUCTION.

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	" <u>§235-</u> College savings program tax deduction (a) The
5	following annual deductions from gross income shall be allowed
6	for contributions made to a designated beneficiary's Hawaii
7	college savings program account established pursuant to chapter
8	256:
9	(1) Up to \$5,000 for individual taxpayers, but not more
10	than the amount contributed during the taxable or
11	prior year as provided in this section;
12	(2) Up to \$5,000 for married couples filing separate
13	returns, but not more than the amount contributed
14	during the taxable or prior year as provided in this
15	section; provided that each spouse may claim a
16	deduction of up to \$5,000; and



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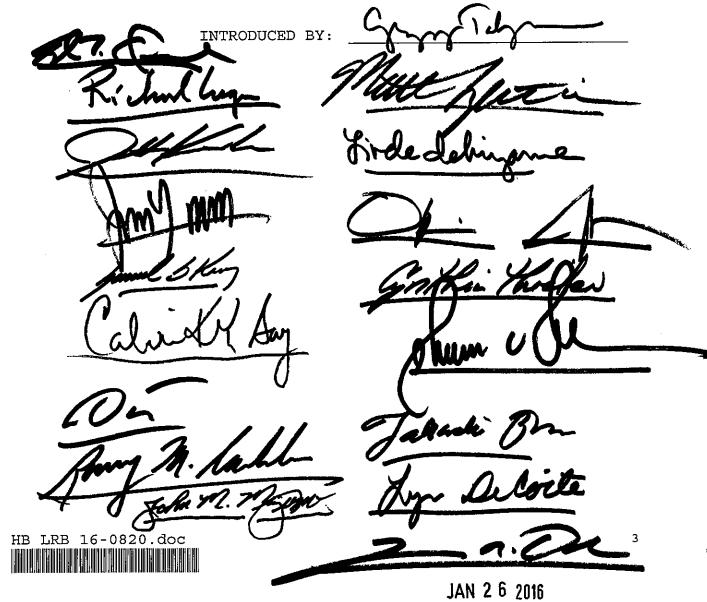
1	(3)	Up to \$10,000 for married couples filing joint	
2		returns, individuals filing as the head of the	
3		household, or individuals filing as surviving spouses,	
4		but not more than the amount contributed during the	
5		taxable or prior year as provided in this section;	
6	(b)	If the amount of the deduction exceeds the taxpayer's	
7	taxable i	ncome for the taxable year the contribution is made, or	
8	if the am	ount contributed to the college savings program account	
9	exceeds t	he amount allowed to be deducted during the year of	
10	contribution, the contribution in excess of the deductible		
11	amount may be used as a deduction against the taxpayer's taxable		
12	income fo	or up to five subsequent tax years or until the excess	
13	deduction	is exhausted, whichever occurs first.	
14	<u>(c)</u>	Amounts deducted shall be for contributions made by	
15	December	31 of the tax year. No deduction shall be allowed for	
16	any amoun	ts derived from a withdrawal or rollover from another	
17	qualified	l tuition program created pursuant to section 529 of the	
18	Internal	Revenue Code of 1986, as amended. No deduction shall	
19	be allowe	ed for contributions to an account made in the same tax	
20	year that	a nonqualified withdrawal from that account has	
21	occurred.	Any deduction taken under this section shall be	



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1	subject to recapture in any taxable year in which any
2	nonqualified withdrawal is made.
3	(d) For the purposes of this section, "nonqualified
4	withdrawal" has the same meaning as in section 256-1."
5	SECTION 2. New statutory material is underscored.
6	SECTION 3. This Act, upon its approval, shall apply to
7	taxable years beginning after December 31, 2015.
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Report Title: College Savings Program Tax Deduction; 529 Plans

Description: Provides an annual maximum deduction of \$5,000 per individual or \$10,000 for a married couple filing jointly for contributions made to the Hawaii college savings program.

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

