

STAND. COM. REP. NO.

414

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 1081
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.B. No. 1081 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a state
income tax deduction of up to \$5,000 per year for student loan
interest paid on qualified educational loans.

Your Committee received testimony in support of this measure
from three individuals. Your Committee received comments on this
measure from the Department of Taxation and Tax Foundation of
Hawaii.

Your Committee finds that the costs associated with
postsecondary education often forces students to go into debt.
Student debt has increasingly become a burden on individuals and
families. This measure will encourage Hawaii residents to pursue
postsecondary education by establishing an income tax deduction
for qualifying student loan interest payments. Your Committee
further finds that the State already offers deductions for student
loan interest, and notes that the income tax deduction provided in
this measure will be in addition to existing deductions.

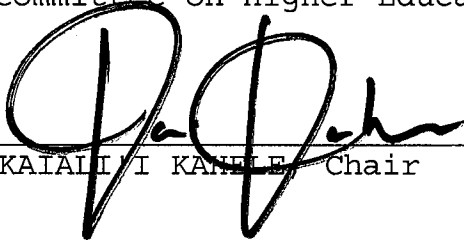
Your Committee has amended this measure by:



- (1) Adding language clarifying that the income tax deduction in this measure is in addition to any other deduction provided by chapter 235, Hawaii Revised Statutes;
- (2) Inserting an effective date of May 12, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1081, S.D. 1, and be referred to your Committee on Ways and Means.

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



KAIALI'I KANELE, Chair



