

Honolulu, Hawaii

February 16, 2018

RE: H.B. No. 1720
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Education, to which was referred H.B. No. 1720 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow for an income tax deduction for amounts paid by teachers for professional development courses related to the curriculum in which the teacher provides instruction and for books, supplies, computer equipment, software, and supplementary materials used by the teacher in the classroom; and
- (2) Increase the franchise tax on banks and other financial institutions.

The Hawaii State Teachers Association, Kamehameha Schools, and an individual testified in support of this measure. Hawaii Bankers Association opposed this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments on this measure.

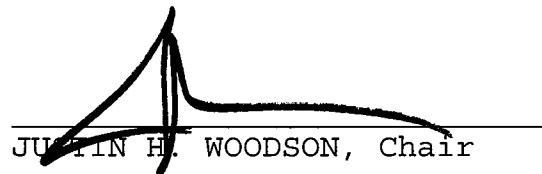


Your Committee has amended this measure by:

- (1) Requiring that a teacher obtain written certification from the school or schools verifying the expenses paid or incurred and the employment of the teacher in order to claim an income tax deduction for the expenses under this measure;
- (2) Clarifying the definition of "teacher";
- (3) Removing the section that increases the franchise tax on banks and other financial corporations; and
- (4) Changing its effective date to July 1, 2050; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 1720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1720, H.D. 1, and be referred to your Committee on Finance.

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


JUSTIN H. WOODSON, Chair



