

STAND. COM. REP. NO.

2070

Honolulu, Hawaii

FEB 08 2018

RE: S.B. No. 3062
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.B. No. 3062 entitled:

"A BILL FOR AN ACT RELATING TO COLLEGE SAVINGS ACCOUNTS,"

begs leave to report as follows:

The purpose and intent of this measure is to allow taxpayers to deduct contributions to a college savings account up to \$5,000 per year for single and married filing separately taxpayers and \$10,000 per year for married filing jointly taxpayers from the taxpayer's income.

Your Committee received testimony in support of this measure from the Oahu County Legislative Priorities Committee of the Democratic Party of Hawaii and two individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Section 529 education savings plans are already tax-favored at the state and federal levels. All contributions to Section 529 plans grow tax free and all qualifying withdrawals from those plans are received tax free. Adding another tax benefit to Section 529 plans by making contributions tax deductible when made and then allowing those contributions to grow and be used tax free in the future will help families and students pay for the increasing costs associated with higher education.

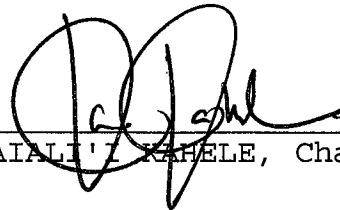


Your Committee has amended this measure by:

- (1) Specifying that the deduction allowed by a taxpayer for contributions made to a college savings account shall be from the taxpayer's adjusted gross income;
- (2) Deleting language that would have established an unspecified lifetime cap for the amounts allowable as a deduction for individuals and married individuals having separate college savings accounts; and
- (3) Inserting an effective date of May 12, 2030, to encourage further discussion.

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. 3062, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3062, 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 KAELE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

| | | | |
|--|--------------------------|-------------------------|----------------------------------|
| Bill / Resolution No.:* | Committee Referral: | Date: | |
| <i>SB 3062</i> | <i>HRE, WAM</i> | <i>2/1/2018</i> | |
| <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 | | | |
| KAHELE, Kaiali'i (C) | ✓ | | |
| KIM, Donna Mercado (VC) | | | ✓ |
| CHANG, Stanley | | | ✓ |
| KEITH-AGARAN, Gilbert S.C. | ✓ | | |
| KIDANI, Michelle N. | ✓ | | |
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| TOTAL | <i>3</i> | | <i>2</i> |
| Recommendation: | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | |
| Chair's or Designee's Signature: | | | |
| <i>Michelle N. Kidani</i> | | | |
| Distribution: | | | |
| Original File with Committee Report | Yellow Clerk's Office | Pink Drafting Agency | Goldenrod Committee File Copy |

*Only one measure per Record of Votes