

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 940
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. 940 entitled:

"A BILL FOR AN ACT RELATING TO THE STATE OF HAWAII SECTION
529 COLLEGE SAVINGS PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to help Hawaii families save for college instead of having to take out educational loans by establishing a tax deduction for eligible contributions made to Hawaii's Section 529 College Savings Program that will apply to contributions made in calendar year 2018 and beyond.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and two individuals. Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that as higher education costs continue to rise, saving for higher education is increasingly becoming a burden on families that are trying to juggle saving for higher education with daily living expenses. Your Committee additionally finds that it is important to help Hawaii families save for college instead of having to take out educational loans.

Your Committee notes that currently forty-eight states have at least one state-sponsored 529 plan and over eighty percent of those states that also have income taxes provide an additional in-



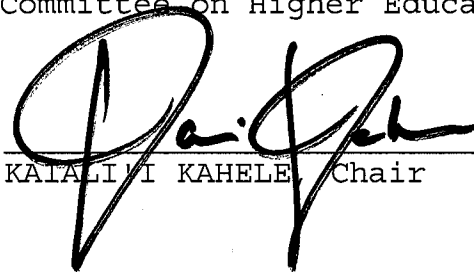
state tax incentive. This measure follows efforts nationwide to help families avoid burdensome educational debt by creating an incentive for Hawaii taxpayers to participate in Hawaii's College Savings Program.

Your Committee has amended this measure by:

- (1) Removing the tax deduction for eligible contributions made to Hawaii's Section 529 College Savings Program from section 235-7, Hawaii Revised Statutes, and inserting the language that establishes the tax deduction as a new section in 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. 940, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 940, 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 KAHELE, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral:	Date:
SB 940	HRE, WAM	2/14/17
<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 checked="" 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)	/	
KIDANI, Michelle N. (VC)	/	
ESPERO, Will		/
KEITH-AGARAN, Gilbert S.C.	/	/
TANIGUCHI, Brian T.		/
TOTAL	3	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>		
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy		

*Only one measure per Record of Votes