

STAND. COM. REP. NO. 1334

Honolulu, Hawaii

MAR 21 2019

RE: H.B. No. 1469  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred  
H.B. No. 1469, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE COLLEGE SAVINGS PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a  
state income tax deduction for eligible contributions made to the  
Hawaii college savings program.

Your Committee received testimony in support of this measure  
from the Department of Budget and Finance, State Council on  
Developmental Disabilities, and one individual. Your Committee  
received comments on this measure from the Department of Taxation.

Your Committee finds that although the State established a  
college savings program to assist and encourage families to save  
and invest funds for future higher education expenses, the rate of  
increase in the program is much lower than in most other states'  
corresponding programs. A reason for this may be because most  
other states offer a state tax deduction or credit for  
contributions to their state college savings programs as an  
incentive for their residents to participate. Therefore, as the  
cost of higher education continues to rise, it is appropriate for  
the State to provide a similar incentive to Hawaii taxpayers to  
participate in Hawaii's college savings program. This measure



creates an incentive that will increase the Hawaii college savings program's assets and help Hawaii families save for college instead of taking out educational loans.

Your Committee has amended this measure by:

- (1) Clarifying that contributions to the Hawaii college savings program may be deducted from a taxpayer's Hawaii adjusted gross income;
- (2) Specifying the maximum amount a taxpayer may claim as a deduction as follows:
  - (A) \$4,000 for taxpayers filing a single return and for married couples filing separate returns; provided that each spouse may claim a deduction up to \$4,000; and
  - (B) \$8,000 for married couples filing joint returns, heads of household, or surviving spouses;
- (3) Specifying that nonqualified withdrawals from the Hawaii college savings program shall be subject to penalties pursuant to section 256-4, Hawaii Revised Statutes; and
- (4) Specifying that this measure shall apply to taxable years beginning after December 31, 2019, rather than December 31, 2018.

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 H.B. No. 1469, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1469, H.D. 2, 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,



---

DONNA MERCADO KIM, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Higher Education**  
**HRE**

Bill / Resolution No.:* <b>HB 1469 HD 2</b>	Committee Referral: <b>HRE, WAM</b>	Date: <b>3/19/19</b>		
<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
KIM, Donna Mercado (C)	/			
KIDANI, Michelle N. (VC)	/			
KAHELE, Kaiali'i				/
KEITH-AGARAN, Gilbert S.C.	/			
FEVELLA, Kurt				/
<b>TOTAL</b>	<b>3</b>			<b>2</b>
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>				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes