

STAND. COM. REP. NO. **3722**

Honolulu, Hawaii

**JUN 29 2020**

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

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1469, H.D. 2, S.D. 1, 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 assist families to save money for the purpose of college attendance:

Specifically, this measure:

- (1) Establishes a state income tax deduction for contributions made to a taxpayer's Hawaii college savings program account;
- (2) Sets limits on the amount of Hawaii college savings program contributions that may be claimed as a tax deduction; and
- (3) Makes nonqualified withdrawals from a taxpayer's Hawaii college savings program account subject to recapture and penalties.

Your Committee received written comments in support of this measure from the Department of Taxation.



Your Committee received written comments in opposition to this measure from the Securities Industry and Financial Markets Association.

Your Committee received written comments on this measure from the Department of Budget and Finance, Tax Foundation of Hawaii, and Savingforcollege.com.

Your Committee finds that authorizing a tax deduction for contributions to any of the various college savings programs offered by other states will further encourage saving money for college attendance and allow families to select a program that is most appropriate for their needs.

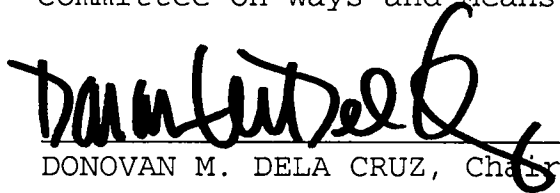
Your Committee has amended this measure by:

- (1) Making contributions to any college savings program established under section 529 of the Internal Revenue Code of 1986 deductible from Hawaii adjusted gross income for state tax purposes, instead of limiting deductions to contributions to the Hawaii college savings program;
- (2) Establishing an unspecified adjusted gross income limit to claim the Hawaii adjusted gross income deduction for contributions made to a college savings program;
- (3) Conforming the term "qualified higher education expenses" with existing Hawaii law;
- (4) Allowing a four-year carry-forward of deductions made in excess of annual deduction limits;
- (5) Making the recapture of nonqualified withdrawals subject to federal law, instead of Hawaii law;
- (6) Updating the measure's provisions that specify from which taxable year the measure will apply to reference taxable years beginning after December 31, 2020; and
- (7) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1469, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1469, H.D. 2, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1469, HD2, SD1	HRE, WAM	7/29/20 <i>CS</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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.				X
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.				X
FEVELLA, Kurt	X			
<b>TOTAL</b>	9			4
Recommendation:				
<input checked="" type="checkbox"/> Adopted <span style="margin-left: 200px;"><input type="checkbox"/> Not Adopted</span>				
Chair's or Designee's Signature:				
<i>[Signature]</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