

STAND. COM. REP. NO.

3212

Honolulu, Hawaii

MAR 21 2024

RE: H.B. No. 1652
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Education, to which was referred H.B. No. 1652, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a state income tax credit for qualified expenses incurred by certain individuals employed by the Department of Education, a public charter school, the Hawaii State Public Library System, or as part of a head start program in a school.

Your Committee received testimony in support of this measure from the Department of Education, Executive Office on Early Learning, Hawaii State Teachers Association, and Education Caucus of the Democratic Party of Hawai'i.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that Hawaii teachers spend an average of \$953 of their personal funds on various classroom supplies each year, including basic school supplies, snacks, meals for students who cannot afford or otherwise miss school meals, and supplemental materials for enrichment. However, as educators also experience the high cost of living in the State, additional fiscal incentives



can help offset these expenditures to ensure continued recruitment and retention of quality teachers. Therefore, this measure will alleviate the financial burden of paying for essential classroom supplies that teachers and other school personnel often incur.

Your Committee notes the concerns raised in testimony that using the tax system to achieve social goals is an inefficient means of accomplishing such goals. The fact that teachers have to use their own personal funds to acquire necessary classroom materials is a concerning practice and is further complicated by underlying bureaucratic policies wherein teachers' requests for funding for certain items can take as long as six months to be approved. Despite prior Legislatures appropriating funds to address the issues of out-of-pocket expenses incurred by teachers, teachers have reported that navigating this system is still a frustrating process. Accordingly, rather than using the tax system to grant some fiscal relief to teachers, consideration should be given to fixing the underlying bureaucratic processes that limit teachers' abilities to access the funds that have been previously and directly appropriated for this very purpose.

Your Committee has amended this measure by clarifying the definition of "qualified expenses" to mean expenses paid for the eligible materials that are used by the qualified taxpayer in the classroom.

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. 1652, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1652, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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


MICHELLE N. KIDANI, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
 Committee on Education
 EDU

Bill / Resolution No.:*	Committee Referral:	Date:
HB1652 HD1	EDU , WAM	3/18/2024

The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KIDANI, Michelle N. (C)	/			
KIM, Donna Mercado (VC)	/			
HASHIMOTO, Troy N.	/			
RICHARDS, III, Herbert M. "Tim"	/			
FEVELLA, Kurt	/			
TOTAL	5			

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes