
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that previous surveys
2 conducted by the Hawaii State Teachers Association found that
3 forty-seven per cent of Hawaii's educators cited personal
4 expenditures of between \$250 and \$500 each year on classroom
5 supplies, with many claiming expenditures in excess of \$1,000.
6 Moreover, according to numerous studies of teacher compensation,
7 Hawaii's public school teachers receive the lowest salaries in
8 the nation when adjusted for cost of living. Therefore, when
9 teachers are forced to purchase classroom supplies with their
10 own personal funds because of inadequate school funding, they
11 face a disproportionately adverse financial impact in comparison
12 to their national peers.

13 The purpose of this Act is to provide teachers and certain
14 other school personnel with financial support for classroom
15 expenses by establishing a state income tax credit to offset
16 personal expenditures on school and classroom supplies.

1 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§235- Qualified expenses; educational supplies; tax
5 credit. (a) There shall be allowed to each qualified taxpayer
6 subject to the tax imposed by this chapter a tax credit for
7 qualified expenses of the taxpayer that shall be deductible from
8 the taxpayer's net income tax liability, if any, imposed by this
9 chapter for the taxable year in which the credit is properly
10 claimed.

11 (b) The amount of the tax credit shall be equal to the
12 amounts expended for qualified expenses in a taxable year;
13 provided that the credit shall not exceed \$ per
14 taxable year.

15 (c) If the tax credit under this section exceeds the
16 taxpayer's net income tax liability, the excess of credit over
17 liability may be used as a tax credit against the taxpayer's net
18 income tax liability in subsequent years until exhausted. All
19 claims for a tax credit under this section, including amended
20 claims, shall be filed on or before the end of the twelfth month
21 following the close of the taxable year for which the tax credit



1 may be claimed. Failure to comply with the foregoing provision
2 shall constitute a waiver of the right to claim the tax credit.

3 (d) No other tax credit or deduction shall be claimed
4 under this chapter for the qualified expenses used to properly
5 claim a tax credit under this section for the taxable year.

6 (e) The director of taxation:

7 (1) Shall prepare any forms that may be necessary to claim
8 a credit under this section;

9 (2) May require the taxpayer to furnish reasonable
10 information to ascertain the validity of the claim for
11 credit made under this section; and

12 (3) May adopt rules necessary to effectuate the purposes
13 of this section pursuant to chapter 91.

14 (f) For purposes of this section:

15 "Qualified expenses" means expenses paid or incurred by a
16 qualified taxpayer who incurs the expenses in connection with:

17 (1) Books;

18 (2) Supplies, other than athletic supplies for courses of
19 instruction in health or physical education;

20 (3) Computer equipment, including related software and
21 services; and



1 (4) Supplementary materials used by the qualified taxpayer
2 in the classroom.

3 "Qualified taxpayer" means, with respect to any taxable
4 year, an individual who is employed:

5 (1) By the department of education, a public charter
6 school, or the Hawaii state public library system as a
7 prekindergarten through twelfth-grade teacher,
8 instructor, school librarian, counselor, principal,
9 registrar, or aide; or

10 (2) As a teacher or teacher assistant as part of a head
11 start program,

12 in a school. "Qualified taxpayer" includes a classroom teacher
13 and special education teacher."

14 SECTION 3. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on July 1, 3000, and
16 shall apply to taxable years beginning after December 31, 2023.



Report Title:

Educational Supplies; Tax Credit; Schools; Educators

Description:

Establishes 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. Effective 7/1/3000. (HD1)

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