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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that graduate education  
2 provides students with advanced academic and professional  
3 training to prepare them for high-level careers in academia or  
4 as industry professionals in the private sector. To offset the  
5 cost of graduate education, universities may provide a tuition  
6 waiver of a certain number of credit hours in exchange for work  
7 as a graduate assistant, teaching assistant, or research  
8 assistant. Under existing law, this added benefit may not be  
9 considered taxable income for all graduate assistants. The  
10 legislature finds that as a quantifiable benefit, tuition  
11 waivers for graduate assistants should be considered taxable  
12 income for the purpose of state income taxation.

13           The taxation of benefits, including tuition waivers,  
14 received by graduate assistants at the university of Hawaii is a  
15 matter of statewide concern pursuant to article X, section 6, of  
16 the Hawaii State Constitution.

17           Therefore, the purpose of this Act is to:



1 (1) Require any qualified tuition reduction for graduate  
2 assistants enrolled in graduate level coursework to be  
3 considered taxable income; and

4 (2) Restrict the qualified tuition reduction for graduate  
5 assistants enrolled in graduate level coursework to be  
6 equal to an amount not more than a certain percentage  
7 of the resident tuition fee.

8 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
9 amended by adding two new sections to part II, subpart A, to be  
10 appropriately designated and to read as follows:

11 **"§304A- Graduate assistants; tuition waiver; taxable**  
12 **income.** (a) Any qualified tuition reduction for graduate  
13 assistants enrolled in graduate level coursework shall be  
14 considered taxable income under chapter 235.

15 (b) For purposes of this section:

16 "Graduate assistant" means a student in a renewable, part-  
17 time academic appointment with responsibilities of teaching and  
18 research in their unit of hire, and have roles as professionals,  
19 albeit of an apprentice nature, in the university community.

20 "Qualified tuition reduction" shall have the same meaning  
21 as defined in section 117(d)(2) of the Internal Revenue Code."



1        "§304A- Graduate assistants; tuition waiver; tuition  
2 fees; resident, nonresident. (a) Any qualified tuition  
3 reduction for graduate assistants enrolled in graduate level  
4 coursework shall be equal to:

5        (1) For a graduate assistant who qualifies for resident  
6 tuition fees, an amount not more than        per cent  
7 of the resident tuition fee; and

8        (2) For a graduate assistant who qualifies for nonresident  
9 tuition fees, an amount not more than        per cent  
10 more than the resident tuition fee.

11       (b) For purposes of this section:

12       "Graduate assistant" means a student in a renewable, part-  
13 time academic appointment with responsibilities of teaching and  
14 research in their unit of hire, and have roles as professionals,  
15 albeit of an apprentice nature, in the university community.

16       "Qualified tuition reduction" shall have the same meaning  
17 as defined in section 117(d)(2) of the Internal Revenue Code."

18       SECTION 3. This Act does not affect rights and duties that  
19 matured, penalties that were incurred, and proceedings that were  
20 begun before its effective date.

21       SECTION 4. New statutory material is underscored.



1           SECTION 5. This Act, upon its approval, shall apply to  
2 taxable years beginning after December 31, 2024.



**Report Title:**

UH; Graduate Assistants; Qualified Tuition Reduction; Tuition Fee; Taxable Income

**Description:**

Requires qualified tuition reduction for graduate assistants enrolled in graduate level coursework to be considered taxable income. Restricts the qualified tuition reduction for graduate assistants enrolled in graduate level coursework to be equal to a certain percentage of the resident tuition fee. (Proposed SD1)

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