

STAND. COM. REP. NO.

1451

Honolulu, Hawaii

MAR 22 , 2023

RE: S.B. No. 281
S.D. 2
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Higher Education & Technology, to which was referred S.B. No. 281, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to provide a state income tax deduction for Hawaii taxpayers making contributions to any college savings program established under section 529 of the Internal Revenue Code.

Your Committee received testimony in support of this measure from the State Council on Developmental Disabilities, Securities Industry Association of Hawaii, and five individuals. Your Committee received comments on this measure from the Department of Taxation, Department of Budget and Finance, Tax Foundation of Hawaii, and one individual.

Your Committee finds that, as the cost of higher education continues to rise, it is appropriate for the State to provide an incentive to Hawaii taxpayers to participate in college savings programs, thereby helping Hawaii families save for college instead of having to assume educational loans.

Your Committee has amended this measure by:

2023-2745 SB281 HD1 HSCR HMSO



- (1) Limiting the scope of the deduction to contributions made to college savings programs established under chapter 256, Hawaii Revised Statutes;
- (2) Changing the definition of "qualified taxpayer" based on income levels that qualify for contribution to a Roth individual retirement account;
- (3) Refining the circumstances under which contributions to a college savings program shall be subject to recapture and penalties;
- (4) Changing the name of the program under chapter 235, Hawaii Revised Statutes, to Hawaii's College and ABLE Savings Program;
- (5) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 281, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 281, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education &
Technology,



AMY A. PERRUSO, Chair



