
A BILL FOR AN ACT

RELATING TO THE COLLEGE SAVINGS ACCOUNT PROGRAM.

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

1 SECTION 1. The purpose of this Act is to provide initial
2 state investments at birth and periodic investments throughout a
3 child's lifetime to college savings accounts to encourage
4 savings and investment for post-secondary educational purposes.

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

8 "§235- College savings account program; tax deduction.

9 (a) There shall be allowed as a deduction from gross income,
10 the amount paid during the taxable year by an individual
11 taxpayer as contributions to a college savings account under
12 chapter 256; provided that the tax deduction shall not exceed
13 \$ for taxpayers filing individually and \$
14 for taxpayers filing jointly.

15 (b) The director of taxation shall prepare any forms that
16 may be necessary to claim a tax deduction under this section,
17 and may require proof of the claim for the tax deduction. The



1 director may adopt rules necessary to effectuate the purposes of
2 this section pursuant to chapter 91.

3 (c) For purposes of this section, the term "college
4 savings account" shall have the same meaning as "college
5 account" in section 256-1."

6 SECTION 3. Chapter 256, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§256- Initial deposit voucher. (a) With the issuance
10 of each birth certificate for a child born in the state, the
11 department of health shall issue a voucher in the child's name
12 to open a college account under this chapter.

13 (b) Upon presentation of a voucher issued under subsection
14 (a), and acceptance of an application under section 256-4(a),
15 the State shall transfer \$1,000 from the college savings program
16 trust fund to the account owner's college account."

17 SECTION 4. Section 256-4, Hawaii Revised Statutes, is
18 amended by amending subsection (e) to read as follows:

19 "(e) An account owner may change the designated
20 beneficiary of an account to an individual who is a member of
21 the family of the prior designated beneficiary[-]; provided that
22 an amount equal to state contributions to the account, plus



1 interest accrued thereon, shall be withheld as a penalty and
2 paid to the college savings program trust fund. An account
3 owner may transfer all or a portion of an account to another
4 college account, the designated beneficiary of which is a member
5 of the same family, as defined in section 529 of the Internal
6 Revenue Code of 1986, as amended, or successor legislation, as
7 the beneficiary of the initial account[-]; provided that an
8 amount equal to state contributions to the account, plus
9 interest accrued thereon, shall be withheld as a penalty and
10 paid to the college savings program trust fund. Changes in
11 designated beneficiaries and transfers under this section shall
12 not be permitted if they constitute excess contributions."

13 SECTION 5. Section 256-6, Hawaii Revised Statutes, is
14 amended by amending subsection (b) to read as follows:

15 "(b) The fund shall consist of a trust account and an
16 operating account. The trust account shall include amounts
17 received by the college savings program pursuant to tuition
18 savings agreements, administrative charges, fees, and all other
19 amounts received by the program from other sources, and interest
20 and investment income earned by the fund. The director of
21 finance, from time to time, shall make transfers from the trust
22 account to [the]:



1 (1) The operating account for the immediate payment of
 2 obligations under tuition savings agreements,
 3 operating expenses, and administrative costs of the
 4 college savings program~~[-]~~; and

5 (2) College savings accounts pursuant to section 256- ."

6 SECTION 6. There is appropriated out of the general
 7 revenues of the State of Hawaii the sum of \$ or so
 8 much thereof as may be necessary for fiscal year 2007-2008 and
 9 the same sum or so much thereof as may be necessary for fiscal
 10 year 2008-2009 to the college savings program trust fund.

11 The sums appropriated shall be expended by the department
 12 of budget and finance for the purposes of this Act.

13 SECTION 7. There is appropriated out of the general
 14 revenues of the State of Hawaii the sum of \$ or so much
 15 thereof as may be necessary for fiscal year 2007-2008 and the
 16 same sum or so much thereof as may be necessary for fiscal year
 17 2008-2009 for the issuance of vouchers for the college savings
 18 account program as provided under this Act.

19 The sums appropriated shall be expended by the department
 20 of health for the purposes of this Act.

21 SECTION 8. Statutory material to be repealed is bracketed
 22 and stricken. New statutory material is underscored.



1 SECTION 9. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2006; provided that
3 sections 6 and 7 shall take effect on July 1, 2007.



Report Title:

College Savings Account Program

Description:

Establishes a tax deduction for contributions to a college savings account under the College Savings Account Program. Requires the Department of Health to issue a \$1,000 voucher to open a college account under the Program, with the issuance of each birth certificate for a child born in the state. (HB882 HD1)

