STAND. COM. REP. NO. 1156 -08

Honolulu, Hawaii

March 18, 2008

RE: S.B.

S.B. No. 2660

S.D. 3 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2008 State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred S.B. No. 2660, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO COLLEGE SAVINGS PROGRAMS,"

begs leave to report as follows:

The purpose of this bill is to increase the participation of Hawaii taxpayers in the State's college savings program by providing a state income tax deduction for contributions made to the program.

The Securities Industry and Financial Markets Association testified in support of this bill. The Department of Taxation, Department of Budget and Finance, and Hawaii Association of Independent Schools supported the intent of this measure. The Tax Foundation of Hawaii and Upromise Investments, Inc., offered comments.

Your Committee has amended this bill by:

- (1) Increasing the maximum amount of the income tax deduction as follows:
 - (A) From \$5,000 to \$10,000 for individual taxpayers;

- (B) From \$5,000 to \$10,000 for married couples filing separate returns; provided that each spouse may claim a deduction of up to \$10,000; and
- (C) From \$10,000 to \$20,000 for married couples filing joint returns, individuals filing as the head of the household, or individuals filing as surviving spouses;
- (2) Clarifying that the aggregate deduction amount for each taxpayer cannot exceed \$75,000 for each college savings account;
- (3) Providing that amounts withdrawn from a college savings account and not used for a qualified tuition program will be added to the taxpayer's taxable income for that year, with certain exceptions; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2660, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2660, S.D. 3, H.D. 1, and be referred to the Committee on Finance.

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

JERRY L. CHANG, Chair

State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Higher Education

11/Resolution No.: SB 2660, SD3 Committee Referral: HED, F/N 3/13/08				
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: □ Pass, unamended (as is) □ Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
HED Members	Ayes	Ayes (WR)	Nays	Excused
1. CHANG, Jerry L. (C)	/			
2. BERTRAM, Joe, III (VC)	J 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	30 MM 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
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3. BERG, Lyla B., Ph.D.		39 6 - 1	No Profession	
4. CABANILLA, Rida T.R.				
		442		
5. NISHIMOTO, Scott Y.		1 Sec. 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1000 1000 1000 1000 1000 1000 1000 100	
6. SAIKI, Scott K.		A. C. N. C. M. W. S. L.		
7 SHIMARIWURO Melle C. I.	Jan year		i de Consept de la Paul de Salagae	
7. SHIMABUKURO, Maile S. L.				
8. TAKAI, K. Mark		Mac.		
		15.6	and the Employment	
9. TAKAMINE, Dwight Y.	√			
10. TAKUMI, Roy M.				\checkmark
"The season with the season of the	The second			
11. WAKAI, Glenn		30		
12. CHING, Corinne W.L.				1 × 1 × 1 × 1 × 1 × 1 × 1 × 1 × 1 × 1 ×
13. FINNEGAN, Lynn		✓		
TOTAL (13)	10			2
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				