

JAN 20 2016

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# A BILL FOR AN ACT

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RELATING TO COLLEGE SAVINGS PROGRAM TAX DEDUCTION.

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

1       SECTION 1. 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- College savings program tax deduction (a) The  
5 following annual deductions from gross income shall be allowed  
6 for contributions made to a designated beneficiary's Hawaii  
7 college savings program account established pursuant to chapter  
8 256:

9       (1) Up to \$5,000 for individual taxpayers, but not more  
10 than the amount contributed during the taxable or  
11 prior year as provided in this section;

12       (2) Up to \$5,000 for married couples filing separate  
13 returns, but not more than the amount contributed  
14 during the taxable or prior year as provided in this  
15 section; provided that each spouse may claim a  
16 deduction of up to \$5,000; and



1       (3) Up to \$10,000 for married couples filing joint  
2       returns, individuals filing as the head of the  
3       household, or individuals filing as surviving spouses,  
4       but not more than the amount contributed during the  
5       taxable or prior year as provided in this section;

6       (b) If the amount of the deduction exceeds the taxpayer's  
7       taxable income for the taxable year the contribution is made, or  
8       if the amount contributed to the college savings program account  
9       exceeds the amount allowed to be deducted during the year of  
10      contribution, the contribution in excess of the deductible  
11      amount may be used as a deduction against the taxpayer's taxable  
12      income for up to five subsequent tax years or until the excess  
13      deduction is exhausted, whichever occurs first.

14      (c) Amounts deducted shall be for contributions made by  
15      December 31 of the tax year. No deduction shall be allowed for  
16      any amounts derived from a withdrawal or rollover from any  
17      another qualified tuition program created pursuant to section  
18      529 of the Internal Revenue Code of 1986, as amended. No  
19      deduction shall be allowed for contributions to an account made  
20      in the same tax year that a nonqualified withdrawal from that  
21      account has occurred. Any deduction taken under this section



shall be subject to recapture in any taxable year in which any  
nongualified withdrawal is made.

(d) For the purposes of this section, "nongualified  
withdrawal" has the same meaning as in section 256-1."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act, upon its approval, shall apply to  
taxable years beginning after December 31, 2015.

INTRODUCED BY:

Shianne Chun Caldwell  
Joe Shaw Jr.  
Mark  
Chene & Trisham



# S.B. NO. 2068

**Report Title:**

College Savings Program Tax Deduction; 529 Plans

**Description:**

Provides an annual maximum deduction of \$5,000 per individual or \$10,000 for a married couple filing jointly for contributions made to the Hawaii college savings program.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

