STAND. COM. REP. NO. 414

Honolulu, Hawaii

FEB 1 7 2017

RE: S.B. No. 1081

S.D. 1

Honorable Ronald D. Kouchi President of the Senate Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred S.B. No. 1081 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a state income tax deduction of up to \$5,000 per year for student loan interest paid on qualified educational loans.

Your Committee received testimony in support of this measure from three individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the costs associated with postsecondary education often forces students to go into debt. Student debt has increasingly become a burden on individuals and families. This measure will encourage Hawaii residents to pursue postsecondary education by establishing an income tax deduction for qualifying student loan interest payments. Your Committee further finds that the State already offers deductions for student loan interest, and notes that the income tax deduction provided in this measure will be in addition to existing deductions.

Your Committee has amended this measure by:

- (1) Adding language clarifying that the income tax deduction in this measure is in addition to any other deduction provided by chapter 235, Hawaii Revised Statutes;
- (2) Inserting an effective date of May 12, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1081, S.D. 1, and be referred to your Committee on Ways and Means.

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

KATALI/I KANHLE Chair

The Senate Twenty-Ninth Legislature State of Hawaiʻi

Record of Votes Committee on Higher Education HRE

Bill / Resolution No.:*	Committee Referral:			Date:	
SB 1081	HRE, WAM			Jeb 9,2011	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye /	Aye (WR)	Nay	Excused
KAHELE, Kaiali'i (C)		$\overline{}$			
KIDANI, Michelle N. (VC)					
ESPERO, Will			<i>p</i> .		
KEITH-AGARAN, Gilbert S.C.					
TANIGUCHI, Brian T.					
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TOTAL		5	0	0	2
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

^{*}Only one measure per Record of Votes