
A BILL FOR AN ACT

RELATING TO TAXATION.

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 part III to be appropriately
3 designated and to read as follows:
4 "§235- College savings program tax credit. (a) There
5 shall be allowed to each taxpayer subject to the tax imposed
6 under this chapter, a college savings program tax credit equal
7 to the amount determined under subsections (b), (c), and (d).
8 The tax credit shall apply to any contribution made on or after
9 January 1, 2017, to the account of a designated beneficiary in
10 the college savings program under chapter 256; provided that the
11 credit shall apply to rollover distributions from college
12 savings programs in other states.
13 (b) For taxpayers filing jointly or as a surviving spouse,
14 the tax credit shall be equal to ten per cent of the first
15 \$5,000 contributed during the taxable year.



1 (c) For taxpayers filing individually, the tax credit
2 shall be equal to ten per cent of the first \$2,500 contributed
3 during the taxable year.

4 (d) For taxpayers filing as head of household, the tax
5 credit shall be equal to ten per cent of the first \$3,750
6 contributed during the taxable year.

7 (e) The amount of the tax credit taken shall not exceed
8 \$500 for contributions made on behalf of each designated
9 beneficiary during each taxable year.

10 (f) For purposes of this section, the term "designated
11 beneficiary" shall have the same meaning as in section 256-1.

12 (g) No tax credit shall be allowed under this section for
13 any contribution made on behalf of any designated beneficiary
14 when the value of the beneficiary's account at the time of the
15 contribution equals or exceeds the maximum investment level
16 referred to under section 256-4(1).

17 (h) The tax imposed by this chapter for the taxable year
18 shall be increased by an amount equal to the tax credit allowed
19 under subsection (a) for that taxable year and all prior taxable
20 years for contributions made by the taxpayer to a college
21 savings program account when:



1 (1) The taxpayer cancels the tuition savings agreement
2 under chapter 256; or

3 (2) The taxpayer makes a nonqualified withdrawal as
4 defined in section 256-1.

5 (i) The director of taxation shall prepare such forms as
6 may be necessary to claim a credit under this section, may
7 require proof of the claim for the tax credit, and may adopt
8 rules pursuant to chapter 91 to effectuate this section.

9 (j) Claims for the tax credit under this section,
10 including any amended claims thereof, shall be filed on or
11 before the end of the twelfth month following the taxable year
12 for which the credit may be claimed. Failure to properly and
13 timely claim the credit shall constitute a waiver of the right
14 to claim the credit.

15 (k) If the tax credit under this section exceeds the
16 taxpayer's income tax liability, the excess of credit over
17 liability may be used as a credit against the taxpayer's income
18 tax liability in subsequent years until exhausted."

19 SECTION 2. New statutory material is underscored.

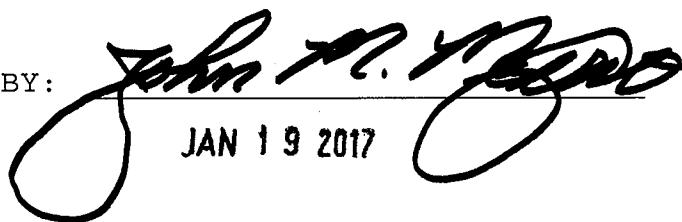


H.B. NO. 128

1 SECTION 3. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2016.

3

INTRODUCED BY:


JAN 19 2017



H.B. NO. 128

Report Title:

College Savings Program Tax Credit

Description:

Establishes a college savings program income tax credit.

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