

JAN 19 2018

# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

## "CHAPTER

### HAWAII TAX CREDIT SCHOLARSHIP PROGRAM

§ -1 Definitions. For the purpose of this chapter:

"Annual tax credit amount" means the sum of the amount of tax credits approved under section -3, including tax credits to be taken under section 237- , which are approved for a taxpayer whose taxable year begins on or after January 1 of the calendar year preceding the start of the applicable taxable year.

"Complex area" shall have the same meaning as in section 302A-101.

"Department" means the department of taxation.

"Eligible contribution" means a monetary contribution from a taxpayer, subject to the restrictions provided in this



1 chapter, to an eligible nonprofit scholarship-funding  
2 organization. The taxpayer making the contribution may not  
3 designate a specific child as the beneficiary of the  
4 contribution.

5 "Eligible nonprofit scholarship-funding organization" means  
6 a not-for-profit university located and chartered in the State  
7 that is accredited by the Western Association of Schools and  
8 Colleges or any affiliate of the Western Association of Schools  
9 and Colleges, or a charitable organization that:

- 10 (1) Is exempt from federal income tax pursuant to section  
11 501(c)(3) of the Internal Revenue Code;
- 12 (2) Is a Hawaii entity formed under chapters 414 or 425  
13 and whose principal office is located in the State;  
14 and
- 15 (3) Complies with sections -4 and -10.

16 "Owner or operator" means an owner, president, officer, or  
17 director of an eligible nonprofit scholarship-funding  
18 organization or a person with equivalent decision-making  
19 authority over an eligible nonprofit scholarship-funding  
20 organization.



1 "Service area" means the geographical area in which a child  
2 is required to attend school pursuant to section 302A-1143.

3 "Tax credit cap amount" means the maximum annual tax credit  
4 amount that the department may approve in a taxable year.

5 § -2 Program; scholarship eligibility. (a) There is  
6 established the Hawaii tax credit scholarship program to benefit  
7 students with disabilities.

8 (b) Contingent upon available funds, a student is eligible  
9 for a Hawaii tax credit scholarship under this section if the  
10 student has a current individual educational plan developed by  
11 the department of education in accordance with the rules of the  
12 board of education for the Hawaii tax credit scholarship program  
13 or a 504 accommodation plan has been issued under section 504 of  
14 the Rehabilitation Act of 1973.

15 (c) A student is not eligible for a Hawaii tax credit  
16 scholarship:

17 (1) While the student is enrolled in a school operating  
18 for the purpose of providing educational services to  
19 youth in the Hawaii youth correctional facility;

20 (2) While the student is participating in home schooling;



(3) While the student is participating in a virtual school, correspondence school, or distance learning program that receives state funding pursuant to the student's participation unless the participation is limited to no more than two courses per school year; or

(4) If the student has been issued a temporary 504 accommodation plan under section 504 of the Rehabilitation Act of 1973 which is valid for six months or less.

**§ -3 Scholarship funding tax credits; limitations. (a)**

The tax credit cap amount is \$ for the 2018 taxable year from January 1 through December 31.

(b) In the 2019 taxable year and each taxable year thereafter, the tax credit cap amount shall be the tax credit cap amount in the prior taxable year; provided that in any taxable year when the annual tax credit amount for the prior taxable year is equal to or greater than ninety per cent of the tax credit cap amount applicable to that taxable year, the tax credit cap amount shall increase by twenty-five per cent. The department of education and department of taxation shall publish



1 on their websites information identifying the tax credit cap  
2 amount when it is increased pursuant to this subsection.

3 (c) A taxpayer may submit an application to the department  
4 for a tax credit or credits under this chapter; provided that:

5 (1) The taxpayer shall specify in the application the  
6 applicable taxable year for a credit and the  
7 designated eligible nonprofit scholarship-funding  
8 organization;

9 (2) The department shall approve tax credits on a first-  
10 come, first-served basis; and

11 (3) Within ten days after approving an application, the  
12 department shall provide a copy of its approval letter  
13 to the eligible nonprofit scholarship-funding  
14 organization specified by the taxpayer in the  
15 application.

16 (d) If a tax credit approved under subsection (c) is not  
17 fully used within the specified taxable year or against taxes  
18 due for the specified taxable year because of insufficient tax  
19 liability on the part of the taxpayer, the unused amount may be  
20 carried forward for a period not to exceed five years; provided  
21 that any taxpayer that seeks to carry forward an unused amount



1 of tax credit must submit an application to the department for  
2 approval of the carryforward tax credit in the year that the  
3 taxpayer intends to use the carryforward tax credit.

4 (e) A taxpayer may not convey, assign, or transfer an  
5 approved tax credit or a carryforward tax credit to another  
6 entity unless all of the assets of the taxpayer are conveyed,  
7 assigned, or transferred in the same transaction; provided that  
8 a tax credit may be conveyed, transferred, or assigned between  
9 members of an affiliated group of corporations if the taxpayer  
10 notifies the department of its intent to convey, transfer, or  
11 assign a tax credit to another member within an affiliated group  
12 of corporations and the department approves the amount.

13 (f) Within any taxable year, a taxpayer may rescind all or  
14 part of a tax credit approved under subsection (c). The amount  
15 rescinded shall become available for that taxable year to  
16 another eligible taxpayer as approved by the department if the  
17 taxpayer receives notice from the department that the  
18 rescindment has been accepted by the department. Any amount  
19 rescinded under this subsection shall become available to an  
20 eligible taxpayer on a first-come, first-served basis based on



1 tax credit applications received after the date the rescindment  
2 is accepted by the department.

3 (g) For purposes of calculating the underpayment of  
4 estimated corporate income taxes and tax installment payments  
5 for taxes on insurance premiums or assessments, the final amount  
6 due is the amount after credits earned for contributions to  
7 eligible nonprofit scholarship-funding organizations are  
8 deducted.

9 § -4 Obligations of eligible nonprofit scholarship-  
10 funding organizations. An eligible nonprofit scholarship-  
11 funding organization shall:

- 12 (1) Comply with the antidiscrimination provisions of title  
13 42 United States Code section 2000d;
- 14 (2) Require all owners and operators to, before employment  
15 or engagement to provide services, submit a full set  
16 of fingerprints for the purpose of obtaining federal  
17 and state criminal history record checks in accordance  
18 with section 846-2.7; provided that the cost of the  
19 criminal history record checks may be borne by the  
20 eligible nonprofit scholarship-funding organization or  
21 the owner or operator;



(3) Provide scholarships, from eligible contributions, to eligible students for:

(A) The cost of transportation to a Hawaii public school that is located outside the service area in which the student resides and any other fees required by the school; or

(B) Tuition and fees for a nonpublic special education school or program that is accredited pursuant to section 302A-443.5;

(4) Give first priority to eligible students who received a scholarship from an eligible nonprofit scholarship-funding organization or from the State during the previous school year and give priority to new applicants whose household income levels do not exceed one hundred eighty-five per cent of the federal poverty level or who are in foster care;

(5) Provide a scholarship to an eligible student on a first-come, first served basis unless the student qualifies for priority pursuant to paragraph (4);





- 1           (6) Not restrict or reserve scholarships for use at a  
2           particular school or provide scholarships to a child  
3           of an owner or operator;
- 4           (7) Allow a student in foster care to apply for a  
5           scholarship at any time;
- 6           (8) Be authorized to use up to three per cent of eligible  
7           contributions received during the taxable year in  
8           which such contributions are collected for  
9           administrative expenses if the organization has  
10          operated under this section for at least three taxable  
11          years and did not have any negative financial findings  
12          in its most recent audit under paragraph (14);  
13          provided that:
- 14          (A) Administrative expenses must be reasonable and  
15                necessary for the organization's management and  
16                distribution of eligible contributions under this  
17                chapter;
- 18          (B) No funds authorized under this paragraph shall be  
19                used for lobbying or political activity or  
20                expenses related to lobbying or political  
21                activity;



1 (C) Up to one-third of the funds authorized for  
2 administrative expenses under this paragraph may  
3 be used for expenses related to the recruitment  
4 of contributions from taxpayers; and

5 (D) If an eligible nonprofit scholarship-funding  
6 organization charges an application fee for a  
7 scholarship, the application fee must be  
8 immediately refunded to the person that paid the  
9 fee if the student is not enrolled in a  
10 participating school within twelve months;

11 (9) Expend for annual or partial-year scholarships an  
12 amount equal to or greater than seventy-five per cent  
13 of the net eligible contributions remaining after  
14 administrative expenses during the taxable year in  
15 which such contributions are collected; provided that:

16 (A) No more than twenty-five per cent of such net  
17 eligible contributions may be carried forward to  
18 the following taxable year;

19 (B) All amounts carried forward, for audit purposes,  
20 must be specifically identified for particular  
21 students by student name and the name of the



1 school to which the student is admitted subject  
2 to the requirements of title 20 United States  
3 Code section 1232g, and the applicable rules and  
4 regulations issued pursuant thereto;

5 (C) Any amounts carried forward shall be expended for  
6 annual or partial-year scholarships in the  
7 following taxable year; and

8 (D) Net eligible contributions remaining on June 30  
9 of each year that are in excess of the twenty-  
10 five per cent that may be carried forward shall  
11 be returned to the state treasury for deposit in  
12 the general fund of the State;

13 (10) Document each scholarship student's eligibility for  
14 that academic year before granting a scholarship;

15 (11) Be prohibited from granting multiyear scholarships in  
16 one approval process;

17 (12) Maintain separate accounts for scholarship funds and  
18 operating funds;

19 (13) Be authorized, with prior approval from the department  
20 of education, to transfer funds to another eligible  
21 nonprofit scholarship-funding organization if



1 additional funds are required to meet scholarship  
2 demand at the receiving nonprofit scholarship-funding  
3 organization; provided that:

4 (A) A transfer is limited to the greater of \$500,000  
5 or twenty per cent of the total contributions  
6 received by the nonprofit scholarship-funding  
7 origination making the transfer;

8 (B) All transferred funds must be deposited by the  
9 receiving nonprofit scholarship-funding  
10 organization into its scholarship accounts; and

11 (C) All transferred amounts received by a nonprofit  
12 scholarship-funding organization must be  
13 separately disclosed in the annual financial and  
14 compliance audit;

15 (14) Provide to the auditor and department of education a  
16 report on the results of an annual financial audit of  
17 its accounts and records conducted by an independent  
18 certified public accountant in accordance with  
19 auditing standards generally accepted in the United  
20 States, government auditing standards, and rules  
21 promulgated by the auditor; provided that:



1 (A) Audit reports must be provided to the auditor and  
2 department of education within one hundred eighty  
3 days after completion of the eligible nonprofit  
4 scholarship-funding organization's taxable year;

5 (B) The auditor shall review all audit reports  
6 submitted pursuant to this chapter and request  
7 any significant items the auditor feels were  
8 omitted;

9 (C) The items requested by the auditor must be  
10 provided within forty-five days after the date of  
11 the request; and

12 (D) The auditor shall notify the legislature if the  
13 scholarship-funding organization does not comply  
14 with the auditor's request;

15 (15) Maintain the surety bond or letter of credit required  
16 by section -10; provided that:

17 (A) The amount of the surety bond or letter of credit  
18 may be adjusted quarterly to equal the actual  
19 amount of undisbursed funds based upon submission  
20 by the organization of a statement from a



1 certified public accountant verifying the amount  
2 of undisbursed funds;

3 (B) The requirements of this paragraph shall be  
4 waived if the cost of acquiring a surety bond or  
5 letter of credit exceeds the average ten-year  
6 cost of acquiring a surety bond or letter of  
7 credit by two hundred per cent; and

8 (C) The requirements of this paragraph shall be  
9 waived for a not-for-profit university located  
10 and chartered in the State that is accredited by  
11 the Western Association of Schools and Colleges  
12 or any affiliate of the Western Association of  
13 Schools and Colleges; and

14 (16) Provide to the auditor any information or  
15 documentation requested in connection with an  
16 operational audit; provided that information and  
17 documentation provided to the department of education  
18 and the auditor relating to the identity of a taxpayer  
19 that provides an eligible contribution under this  
20 chapter shall remain confidential at all times in  
21 accordance with section 231-1.5.



1           §   -5   Parent and student responsibilities for program

2   participation.   (a)   The parent or guardian of a student  
3   selected for participation in the program shall select a school  
4   for the student to attend that is either:

5           (1)   A public school outside of the service area in which  
6               the student resides; or

7           (2)   A nonpublic special education school or program that  
8               is accredited pursuant to section 302A-443.5.

9           (b)   The parent or guardian shall inform the complex area  
10   supervisor of the child's service area when the parent or  
11   guardian withdraws the student to attend another public school  
12   or a nonpublic special education school or program that is  
13   accredited pursuant to section 302A-443.5.

14          (c)   Any student participating in the scholarship program  
15   must remain in attendance throughout the school year unless  
16   excused by the school for illness or other good cause.

17          (d)   The parent or guardian shall authorize the nonprofit  
18   scholarship-funding organization to access information needed  
19   for eligibility determination and verification.

20          §   -6   Department of education obligations.   The  
21   department of education shall:



- (1) Annually submit to the department, by March 15, a list of eligible nonprofit scholarship-funding organizations that meet the requirements of section -1;
- (2) Annually verify the eligibility of nonprofit scholarship-funding organizations that meet the requirements of section -1;
- (3) Annually verify the eligibility of expenditures as provided in section -4 using the audit required by section -4(14);
- (4) Establish a toll-free hotline or website that provides parents with information on participation in the scholarship program;
- (5) Establish a process by which individuals may notify the department of education of any violation by a parent, public school, complex area, or nonpublic special education school or program that is accredited pursuant to section 302A-443.5, of state laws relating to program participation;
- (6) Notify eligible nonprofit scholarship-funding organizations of any of the organization's identified





1 students who are receiving tax credit scholarships  
2 from other eligible nonprofit scholarship-funding  
3 organizations; and

4 (7) Annually report to the legislature the department of  
5 education's actions with respect to implementing  
6 accountability in the scholarship program and any  
7 substantiated allegations or violations of law or  
8 rule.

9 § -7 Complex area obligations; parental options. (a)

10 Upon the request of any eligible nonprofit scholarship-funding  
11 organization, a complex area shall inform all households within  
12 the complex area that may be eligible to apply for a tax credit  
13 scholarship of the student's possible eligibility to apply for a  
14 tax credit scholarship; provided that the form of such notice  
15 shall be provided by the eligible nonprofit scholarship-funding  
16 organization and the complex area shall include the provided  
17 form in any normal correspondence with eligible households.

18 (b) By April 1 of each year and within ten days after an  
19 individual education plan meeting or a 504 accommodation plan is  
20 issued under section 504 of the Rehabilitation Act of 1973, a  
21 complex area shall notify the parent or guardian of the student



1 of all options available pursuant to this chapter and of the  
2 availability of the telephone hotline and website for additional  
3 information.

4 (c) If the parent or guardian does enroll the student in a  
5 public school that is not in the service area in which the  
6 student resides through the scholarship program the student may  
7 continue attending that public school chosen by the parent until  
8 the student graduates from high school regardless of whether the  
9 student continues in the scholarship program.

10 (d) The parent or guardian of a student may choose to  
11 enroll the student in and transport the student to a complex  
12 area that is outside of the student's service area; provided  
13 that the complex area has available space and a program with the  
14 services agreed to in the student's existing individual  
15 education plan or 504 accommodation plan. The complex area  
16 shall accept the student and the student shall count towards the  
17 school's per-pupil funding.

18 (e) For students who attend a nonpublic special education  
19 school or program that is accredited pursuant to section  
20 302A-443.5 and whose parent requests that the student take the  
21 statewide assessments, the complex area in which the student



1 attends the nonpublic special education school or program shall  
2 provide locations and times to take all statewide assessments.

3       **§ -8 Scholarship amount and payment.** (a) The amount of  
4 scholarship provided to any student for any single school year  
5 by an eligible nonprofit scholarship funding organization from  
6 eligible contributions shall be for total costs authorized under  
7 section -4, not to exceed annual limits.

8       (b) Payment of the scholarship by the eligible nonprofit  
9 scholarship-funding organization shall be by individual warrant  
10 made payable to the student's parent for costs specified in  
11 section -4(3). If the parent or guardian chooses that the  
12 student attend a nonpublic special education school or program  
13 that is accredited pursuant to section 302A-443.5, the warrant  
14 must be delivered by the eligible nonprofit scholarship-funding  
15 organization to the school or program and the parent or guardian  
16 shall restrictively endorse the warrant to the school or  
17 program. An eligible nonprofit scholarship-funding organization  
18 shall ensure that the parent or guardian to whom the warrant is  
19 made restrictively endorsed the warrant to the nonpublic special  
20 education school or program for deposit into the account of the  
21 school or program.



(c) An eligible nonprofit scholarship-funding organization shall obtain verification from each school attended by scholarship recipients of the students' continued attendance at the school for each period covered by a scholarship payment.

(d) Payment of the scholarship shall be made by the eligible nonprofit scholarship-funding organization no less frequently than on a quarterly basis.

**§ -9 Administration; rules.** (a) The department and the department of education shall develop a cooperative agreement to assist in the administration of this chapter.

(b) The department shall adopt rules necessary to administer the tax credit scholarship program, including rules establishing application forms, procedures governing the approval of tax credits and carryforward tax credits, and procedures to be followed by taxpayers when claiming approved tax credits on the taxpayer's returns.

(c) The board of education shall adopt rules to administer the responsibilities of the department of education under this chapter.

**§ -10 Nonprofit scholarship-funding organizations; application.** (a) In order to participate in the scholarship



1 program created under this chapter, a charitable organization  
2 that seeks to be a nonprofit scholarship-funding organization  
3 must submit an application for initial approval or renewal to  
4 the department of education no later than September 1 of each  
5 year before the school year for which the organization intends  
6 to offer scholarships.

7 (b) An application for initial approval shall include:

8 (1) A copy of the organization's incorporation documents  
9 and registration;

10 (2) A copy of the organization's Internal Revenue Service  
11 determination letter as a section 501(c)(3) not-for-  
12 profit organization;

13 (3) A description of the organization's financial plan  
14 that demonstrates sufficient funds to operate  
15 throughout the school year;

16 (4) The organization's organizational chart;

17 (5) A description of the criteria and methodology that the  
18 organization will use to evaluate scholarship  
19 eligibility;

20 (6) A description of the application process, including  
21 deadlines and any associated fees;



- 1 (7) A description of the deadlines for attendance  
2 verification and scholarship payments;
- 3 (8) A copy of the organization's policies on conflict of  
4 interest and whistleblowers; and
- 5 (9) A copy of a surety bond or letter of credit in an  
6 amount equal to twenty-five per cent of the  
7 scholarship funds anticipated for each school year or  
8 \$100,000, whichever is greater, specifying that any  
9 claim against the bond or letter of credit may be made  
10 only by an eligible nonprofit scholarship-funding  
11 organization to provide scholarships to and on behalf  
12 of students who would have had scholarships funded but  
13 for the diversion of funds giving rise to the claim  
14 against the bond or letter of credit.

15 (c) In addition to the information required by subsection  
16 (b), an application for renewal shall include:

- 17 (1) A surety bond or letter of credit equal to the amount  
18 of undisbursed donations held by the organization  
19 based on the annual report submitted pursuant to  
20 section -4. The amount of the surety bond or  
21 letter of credit must be at least \$100,000, but not



1 more than \$25,000,000, specifying that any claim  
2 against the bond or letter of credit may be made only  
3 by an eligible nonprofit scholarship-funding  
4 organization to provide scholarships to and on behalf  
5 of students who would have had scholarships funded but  
6 for the diversion of funds giving rise to the claim  
7 against the bond or letter of credit;

8 (2) The organization's completed Internal Revenue Service  
9 Form 990 submitted no later than November 30 of the  
10 year before the school year that the organization  
11 intends to offer the scholarships, notwithstanding the  
12 September 1 application deadline;

13 (3) A copy of the required audit pursuant to section  
14 -4(14) to the department of education and auditor;  
15 and

16 (4) An annual report that includes:

17 (A) The number of students who completed  
18 applications, by county and grade;

19 (B) The number of students who were approved for  
20 scholarships, by county and grade;



1 (C) The amount of funds received, the amount of funds  
2 distributed in scholarships, and an accounting of  
3 remaining funds and the obligation of those  
4 funds; and

5 (D) A detailed accounting of how the organization  
6 spent the administrative funds allowable under  
7 section -4.

8 (d) The department of education shall review the  
9 application and notify the organization in writing of any  
10 deficiencies within thirty days after receipt of the application  
11 and allow the organization thirty days to correct any  
12 deficiencies.

13 (e) Within thirty days after receipt of the finalized  
14 application, the department of education shall recommend  
15 approval or disapproval of the application to the board of  
16 education. The board of education shall consider the  
17 application and recommendation at the next scheduled meeting,  
18 adhering to appropriate meeting notice requirements. If the  
19 board of education disapproves the organization's application,  
20 it shall provide the organization with a written explanation of  
21 that determination.





1           (f) If the board of education disapproves the renewal of a  
2 nonprofit scholarship-funding organization, the organization  
3 must notify the affected eligible students and parents of the  
4 decision within fifteen days after disapproval. An eligible  
5 student affected by the disapproval of an organization's  
6 participation remains eligible under this chapter until the end  
7 of the school year in which the organization was disapproved.  
8 The student may apply and be accepted by another eligible  
9 nonprofit scholarship-funding organization for the upcoming  
10 school year.

11           (g) All remaining funds held by a nonprofit scholarship-  
12 funding organization that is disapproved for participation must  
13 revert to the department of education for redistribution to  
14 other eligible nonprofit scholarship-funding organizations.

15           (h) A nonprofit scholarship-funding organization is a  
16 renewing organization if it maintains continuous approval and  
17 participation in the program. An organization that chooses not  
18 to participate for one year or more or that is disapproved to  
19 participate for one year or more must submit an application for  
20 initial approval in order to participate in the program again.



(i) The board of education shall adopt rules providing guidelines for receiving, reviewing, and approving applications for new and renewing nonprofit scholarship-funding organizations.

(j) A not-for-profit university located and chartered in the State that is accredited by the Western Association of Schools and Colleges or any affiliate of the Western Association of Schools and Colleges shall be exempt from the initial or renewal application process but must file a registration notice with the department of education to be an eligible nonprofit scholarship-funding organization."

SECTION 2. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§237- Credit for contributions to eligible nonprofit scholarship-funding organizations. (a) There is allowed a credit of one hundred per cent of an eligible contribution made to an eligible nonprofit scholarship-funding organization under chapter against any tax due for a taxable year under this chapter after the application of any other allowable credits by the taxpayer. The credit granted by this section shall be



1 reduced by the difference between the amount of federal  
2 corporate income tax taking into account the credit granted by  
3 this section and the amount of federal corporate income tax  
4 without application of the credit granted by this section.

5 (b) A taxpayer who files a Hawaii consolidated return  
6 pursuant to section 237-35 may be allowed the credit on a  
7 consolidated return basis; provided that the total credit taken  
8 by the taxpayer is subject to the limitation established under  
9 subsection (a).

10 (c) The provisions of chapter                      apply to the credit  
11 authorized by this section."

12 SECTION 3. Section 846-2.7, Hawaii Revised Statutes, is  
13 amended by amending subsection (b) to read as follows:

14 "(b) Criminal history record checks may be conducted by:

15 (1) The department of health or its designee on operators  
16 of adult foster homes for individuals with  
17 developmental disabilities or developmental  
18 disabilities domiciliary homes and their employees, as  
19 provided by section 321-15.2;

20 (2) The department of health or its designee on  
21 prospective employees, persons seeking to serve as



1 providers, or subcontractors in positions that place  
2 them in direct contact with clients when providing  
3 non-witnessed direct mental health or health care  
4 services as provided by section 321-171.5;

5 (3) The department of health or its designee on all  
6 applicants for licensure or certification for,  
7 operators for, prospective employees, adult  
8 volunteers, and all adults, except adults in care, at  
9 healthcare facilities as defined in section 321-15.2;

10 (4) The department of education on employees, prospective  
11 employees, and teacher trainees in any public school  
12 in positions that necessitate close proximity to  
13 children as provided by section 302A-601.5;

14 (5) The counties on employees and prospective employees  
15 who may be in positions that place them in close  
16 proximity to children in recreation or child care  
17 programs and services;

18 (6) The county liquor commissions on applicants for liquor  
19 licenses as provided by section 281-53.5;

20 (7) The county liquor commissions on employees and  
21 prospective employees involved in liquor



1 administration, law enforcement, and liquor control  
2 investigations;

3 (8) The department of human services on operators and  
4 employees of child caring institutions, child placing  
5 organizations, and foster boarding homes as provided  
6 by section 346-17;

7 (9) The department of human services on prospective  
8 adoptive parents as established under section  
9 346-19.7;

10 (10) The department of human services or its designee on  
11 applicants to operate child care facilities, household  
12 members of the applicant, prospective employees of the  
13 applicant, and new employees and household members of  
14 the provider after registration or licensure as  
15 provided by section 346-154, and persons subject to  
16 section 346-152.5;

17 (11) The department of human services on persons exempt  
18 pursuant to section 346-152 to be eligible to provide  
19 child care and receive child care subsidies as  
20 provided by section 346-152.5;



1       (12) The department of health on operators and employees of  
2           home and community-based case management agencies and  
3           operators and other adults, except for adults in care,  
4           residing in community care foster family homes as  
5           provided by section 321-15.2;

6       (13) The department of human services on staff members of  
7           the Hawaii youth correctional facility as provided by  
8           section 352-5.5;

9       (14) The department of human services on employees,  
10          prospective employees, and volunteers of contracted  
11          providers and subcontractors in positions that place  
12          them in close proximity to youth when providing  
13          services on behalf of the office or the Hawaii youth  
14          correctional facility as provided by section 352D-4.3;

15      (15) The judiciary on employees and applicants at detention  
16          and shelter facilities as provided by section 571-34;

17      (16) The department of public safety on employees and  
18          prospective employees who are directly involved with  
19          the treatment and care of persons committed to a  
20          correctional facility or who possess police powers



1 including the power of arrest as provided by section  
2 353C-5;

3 (17) The board of private detectives and guards on  
4 applicants for private detective or private guard  
5 licensure as provided by section 463-9;

6 (18) Private schools and designated organizations on  
7 employees and prospective employees who may be in  
8 positions that necessitate close proximity to  
9 children; provided that private schools and designated  
10 organizations receive only indications of the states  
11 from which the national criminal history record  
12 information was provided pursuant to section 302C-1;

13 (19) The public library system on employees and prospective  
14 employees whose positions place them in close  
15 proximity to children as provided by section  
16 302A-601.5;

17 (20) The State or any of its branches, political  
18 subdivisions, or agencies on applicants and employees  
19 holding a position that has the same type of contact  
20 with children, vulnerable adults, or persons committed  
21 to a correctional facility as other public employees



1           who hold positions that are authorized by law to  
2           require criminal history record checks as a condition  
3           of employment as provided by section 78-2.7;

4       (21) The department of health on licensed adult day care  
5           center operators, employees, new employees,  
6           subcontracted service providers and their employees,  
7           and adult volunteers as provided by section 321-15.2;

8       (22) The department of human services on purchase of  
9           service contracted and subcontracted service providers  
10          and their employees serving clients of the adult  
11          protective and community services branch, as provided  
12          by section 346-97;

13       (23) The department of human services on foster grandparent  
14          program, senior companion program, and respite  
15          companion program participants as provided by section  
16          346-97;

17       (24) The department of human services on contracted and  
18          subcontracted service providers and their current and  
19          prospective employees that provide home and community-  
20          based services under section 1915(c) of the Social  
21          Security Act, title 42 United States Code section





1 1396n(c), or under any other applicable section or  
2 sections of the Social Security Act for the purposes  
3 of providing home and community-based services, as  
4 provided by section 346-97;

5 (25) The department of commerce and consumer affairs on  
6 proposed directors and executive officers of a bank,  
7 savings bank, savings and loan association, trust  
8 company, and depository financial services loan  
9 company as provided by section 412:3-201;

10 (26) The department of commerce and consumer affairs on  
11 proposed directors and executive officers of a  
12 nondepository financial services loan company as  
13 provided by section 412:3-301;

14 (27) The department of commerce and consumer affairs on the  
15 original chartering applicants and proposed executive  
16 officers of a credit union as provided by section  
17 412:10-103;

18 (28) The department of commerce and consumer affairs on:  
19 (A) Each principal of every non-corporate applicant  
20 for a money transmitter license;



1 (B) Each person who upon approval of an application  
 2 by a corporate applicant for a money transmitter  
 3 license will be a principal of the licensee; and

4 (C) Each person who upon approval of an application  
 5 requesting approval of a proposed change in  
 6 control of licensee will be a principal of the  
 7 licensee,

8 as provided by sections 489D-9 and 489D-15;

9 (29) The department of commerce and consumer affairs on  
 10 applicants for licensure and persons licensed under  
 11 title 24;

12 (30) The Hawaii health systems corporation on:

13 (A) Employees;

14 (B) Applicants seeking employment;

15 (C) Current or prospective members of the corporation  
 16 board or regional system board; or

17 (D) Current or prospective volunteers, providers, or  
 18 contractors,

19 in any of the corporation's health facilities as  
 20 provided by section 323F-5.5;

21 (31) The department of commerce and consumer affairs on:



1           (A) An applicant for a mortgage loan originator  
2           license, or license renewal; and

3           (B) Each control person, executive officer, director,  
4           general partner, and managing member of an  
5           applicant for a mortgage loan originator company  
6           license or license renewal,  
7           as provided by chapter 454F;

8       (32) The state public charter school commission or public  
9       charter schools on employees, teacher trainees,  
10      prospective employees, and prospective teacher  
11      trainees in any public charter school for any position  
12      that places them in close proximity to children, as  
13      provided in section 302D-33;

14      (33) The counties on prospective employees who work with  
15      children, vulnerable adults, or senior citizens in  
16      community-based programs;

17      (34) The counties on prospective employees for fire  
18      department positions which involve contact with  
19      children or vulnerable adults;



1       (35)   The counties on prospective employees for emergency  
2           medical services positions which involve contact with  
3           children or vulnerable adults;

4       (36)   The counties on prospective employees for emergency  
5           management positions and community volunteers whose  
6           responsibilities involve planning and executing  
7           homeland security measures including viewing,  
8           handling, and engaging in law enforcement or  
9           classified meetings and assisting vulnerable citizens  
10          during emergencies or crises;

11      (37)   The State and counties on employees, prospective  
12          employees, volunteers, and contractors whose position  
13          responsibilities require unescorted access to secured  
14          areas and equipment related to a traffic management  
15          center;

16      (38)   The State and counties on employees and prospective  
17          employees whose positions involve the handling or use  
18          of firearms for other than law enforcement purposes;

19      (39)   The State and counties on current and prospective  
20          systems analysts and others involved in an agency's  
21          information technology operation whose position



responsibilities provide them with access to  
proprietary, confidential, or sensitive information;

(40) The department of commerce and consumer affairs on:

(A) Applicants for real estate appraiser licensure or  
certification as provided by chapter 466K;

(B) Each person who owns more than ten per cent of an  
appraisal management company who is applying for  
registration as an appraisal management company,  
as provided by section 466L-7; and

(C) Each of the controlling persons of an applicant  
for registration as an appraisal management  
company, as provided by section 466L-7;

(41) The department of health or its designee on all  
license applicants, licensees, employees, contractors,  
and prospective employees of medical cannabis  
dispensaries, and individuals permitted to enter and  
remain in medical cannabis dispensary facilities as  
provided under sections 329D-15(a)(4) and  
329D-16(a)(3);

(42) The department of commerce and consumer affairs on  
applicants for nurse licensure or license renewal,



1           reactivation, or restoration as provided by sections  
2           457-7, 457-8, 457-8.5, and 457-9;

3       (43)   The county police departments on applicants for  
4           permits to acquire firearms pursuant to section 134-2  
5           and on individuals registering their firearms pursuant  
6           to section 134-3;

7       (44)   The department of commerce and consumer affairs on:

8           (A)   Each of the controlling persons of the applicant  
9                 for licensure as an escrow depository, and each  
10                of the officers, directors, and principals who  
11                will be in charge of the escrow depository's  
12                activities upon licensure; and

13          (B)   Each of the controlling persons of an applicant  
14                 for proposed change in control of an escrow  
15                 depository licensee, and each of the officers,  
16                 directors, and principals who will be in charge  
17                 of the licensee's activities upon approval of  
18                 such application,

19           as provided by chapter 449;

20       (45)   The department of taxation on current or prospective  
21           employees or contractors who have access to federal



1 tax information in order to comply with requirements  
2 of federal law, regulation, or procedure, as provided  
3 by section 231-1.6;

4 (46) The department of labor and industrial relations on  
5 current or prospective employees or contractors who  
6 have access to federal tax information in order to  
7 comply with requirements of federal law, regulation,  
8 or procedure, as provided by section 383-110;

9 (47) The department of human services on current or  
10 prospective employees or contractors who have access  
11 to federal tax information in order to comply with  
12 requirements of federal law, regulation, or procedure,  
13 as provided by section 346-2.5;

14 (48) The child support enforcement agency on current or  
15 prospective employees, or contractors who have access  
16 to federal tax information in order to comply with  
17 federal law, regulation, or procedure, as provided by  
18 section 576D-11.5; [and]

19 (49) The department of education on the owner or operator  
20 of an eligible nonprofit scholarship-funding  
21 organization as defined in section -1; and



SECTION 5. This Act shall apply to taxable years beginning after December 31, 2017.

Anna Mercedes K.

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Ernest G. Strong





# S.B. NO. 2606

**Report Title:**

Hawaii Tax Credit Scholarship Program; Students with Disabilities; Nonpublic Special Education School or Program

**Description:**

Establishes the Hawaii tax credit scholarship program to benefit students with disabilities by providing scholarships to cover transportation costs and any other educational fees associated with a student attending a public school that is not in the service area where the student resides or a nonpublic special education school or program. Establishes eligibility criteria for students to apply for the scholarship program, responsibilities of the department of taxation and department of education, and eligibility criteria for nonprofit scholarship-funding organizations. Applies to tax years beginning after 12/31/17.

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

