

S.B. NO. 2781

JAN 24 2018

A BILL FOR AN ACT

RELATING TO THE INCOME CHECK-OFF.

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

1 SECTION 1. The legislature finds that library patrons'
2 demand for library books and materials, including electronic
3 resources of the Hawaii state public library system, are
4 increasing every year. Since the initial adoption of the
5 library special fund check-off in 2003, the collection of the
6 Hawaii state public library system has transitioned from a
7 paper-based collection to one that includes library materials in
8 a variety of different and new formats to keep up with new
9 technology and in response to the requests of library patrons
10 statewide.

11 The purpose of this Act is to provide an opportunity for
12 the public to increase their support to the Hawaii state public
13 library system by making a contribution toward the libraries
14 special fund that is used for the purchase of additional library
15 materials for the Hawaii state public library system collection.

16 SECTION 2. Section 235-102.5, Hawaii Revised Statutes, is
17 amended by amending subsection (c) to read as follows:

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1 "(c) Notwithstanding any law to the contrary, any
2 individual whose state income tax refund for any taxable
3 year is [\$2] \$4 or more may designate [\$2] \$4 of the
4 refund to be paid over to the libraries special fund
5 established by section 312-3.6, when submitting a state
6 income tax return to the department. In the case of a
7 joint return of a husband and wife having a state income
8 tax refund of [\$4] \$8 or more, each spouse may designate
9 that [\$2} \$4 be deposited into the special fund. The
10 director of taxation shall revise the individual state
11 income tax form to allow the designation of contributions
12 to the fund on the face of the tax return and immediately
13 above the signature lines. If no designation was made on
14 the original tax return when filed, a designation may be
15 made by the individual on an amended return filed within
16 twenty months and ten days after the due date for the
17 original return for such taxable year. A designation
18 once made, whether by an original or amended return, may
19 not be revoked."

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1 SECTION 3. Statutory material to be repealed is
2 bracketed and stricken. New statutory material is
3 underscored.

4 SECTION 4. This Act, upon its approval, shall take
5 effect for taxable years beginning after December 31,
6 2017.

7
8 INTRODUCED BY:

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9 BY REQUEST
10

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Report Title:

Income Tax; Check-off

Description:

Increases from \$2 to \$4 the amount of authorized income tax check-off that may be designated payable from an individual's state income tax refund to the libraries special fund. Permits designation of check-off in the amount of \$4 or \$8 to the library special fund. Effective for taxable years after December 31, 2017.

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

JUSTIFICATION SHEET

DEPARTMENT: Education.

TITLE: A BILL FOR AN ACT RELATING TO THE INCOME CHECK-OFF.

PURPOSE: Increase the amount from \$2 to \$4 that may be designated payable from an individual's state income tax refund to the libraries special fund. Increases the amount from \$4 to \$8 for joint filers.

MEANS: Amend section 235-102.5(c), Hawaii Revised Statutes

JUSTIFICATION: The libraries special fund is used to purchase library materials for the Hawaii state public library system collection. The libraries special fund receives funding from different sources, one of which is the income check off, but also includes fines and fees assessed for late return of library materials. Over the last few years, there has been a steady decrease in revenues received by the library special fund, primarily due to changes in library patron behavior.

The amount an individual taxpayer may designate to the libraries special fund has not been increased since 2003, when the designation was initially adopted. In Fiscal-Year 2016, the libraries special fund received approximately \$66,000.

Impact on the public: Designating a portion of an individual's tax refund is voluntary and limited to taxpayers receiving income tax refunds only.

Impact on the department and other agencies: Department of Taxation will need to modify its forms and instructions to reflect an

increase in the amount that may be
designated to the libraries special fund.

GENERAL FUND: Minimal.

OTHER FUNDS: None.

OTHER AFFECTED
AGENCIES: Taxation.

EFFECTIVE DATE: For taxable years beginning after December
31, 2017.