
A BILL FOR AN ACT

RELATING TO TAX CREDITS.

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

1 SECTION 1. The legislature finds that previous surveys
2 conducted by the Hawaii State Teachers Association found that
3 forty-seven per cent of Hawaii's educators cited personal
4 expenditures of between \$250 and \$500 each year on classroom
5 supplies, with many claiming expenditures in excess of \$1,000.
6 The legislature further finds that a 2022 study ranked Hawaii as
7 the worst state in the nation for teachers. Moreover, according
8 to numerous studies of teacher compensation, Hawaii's public
9 school teachers receive the lowest salaries in the nation when
10 adjusted for cost of living. Therefore, when teachers are
11 forced to purchase classroom supplies with their own personal
12 funds because of inadequate school funding, they face a
13 disproportionately adverse financial impact in comparison to
14 their national peers.

15 The purpose of this Act is to provide teachers and certain
16 other school personnel with financial support for classroom



1 expenses by establishing a state income tax credit for teachers
2 to offset personal expenditures on school and classroom
3 supplies.

4 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§235- **Qualified expenses; educational supplies; tax**
8 **credit.** (a) There shall be allowed to each qualified taxpayer
9 subject to the tax imposed by this chapter a tax credit for
10 qualified expenses of the taxpayer that shall be deductible from
11 the taxpayer's net income tax liability, if any, imposed by this
12 chapter for the taxable year in which the credit is properly
13 claimed.

14 (b) The amount of the tax credit shall be equal to the
15 amounts expended for qualified expenses in a taxable year;
16 provided that the credit shall not exceed \$ _____ per
17 taxable year.

18 (c) If the tax credit under this section exceeds the
19 taxpayer's net income tax liability, the excess of credit over
20 liability may be used as a tax credit against the taxpayer's net
21 income tax liability in subsequent years until exhausted. All



1 claims for a tax credit under this section, including amended
2 claims, shall be filed on or before the end of the twelfth month
3 following the close of the taxable year for which the tax credit
4 may be claimed. Failure to comply with the foregoing provision
5 shall constitute a waiver of the right to claim the tax credit.

6 (d) No other tax credit or deduction shall be claimed
7 under this chapter for the qualified expenses used to properly
8 claim a tax credit under this section for the taxable year.

9 (e) The director of taxation:

10 (1) Shall prepare any forms that may be necessary to claim
11 a credit under this section;

12 (2) May require the taxpayer to furnish reasonable
13 information to ascertain the validity of the claim for
14 credit made under this section; and

15 (3) May adopt rules necessary to effectuate the purposes
16 of this section pursuant to chapter 91.

17 (f) For purposes of this section:

18 "Qualified expenses" means expenses paid or incurred by a
19 qualified taxpayer who incurs the expenses in connection with:

20 (1) Books;



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1 (2) Supplies, other than athletic supplies for courses of
2 instruction in health or physical education;

3 (3) Computer equipment, including related software and
4 services; and

5 (4) Supplementary materials used by the qualified taxpayer
6 in the classroom.

7 "Qualified taxpayer" means, with respect to any taxable
8 year, an individual who is employed:

9 (1) By the department of education or the Hawaii state
10 public library system as a prekindergarten through
11 twelfth-grade teacher, instructor, school librarian,
12 counselor, principal, registrar, or aide; or

13 (2) As a teacher or teacher assistant as part of a head
14 start program,

15 in a school for at least nine hundred hours during a school
16 year. "Qualified taxpayer" includes a classroom teacher and
17 special education teacher."

18 SECTION 3. New statutory material is underscored.

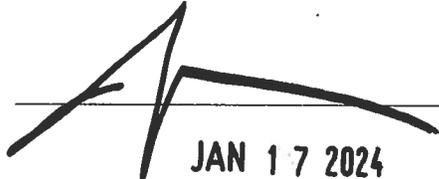


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1 SECTION 4. This Act, upon its approval, shall apply to
2 taxable years beginning after December 31, 2023.

3

INTRODUCED BY: _____


JAN 17 2024



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Report Title:

Educational Supplies; Tax Credit; Schools; Educators

Description:

Establishes a state income tax credit for qualified expenses incurred by certain individuals employed by the Department of Education, Hawaii state public library system, or as part of a head start program in a school.

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