

STAND. COM. REP. NO.

511

Honolulu, Hawaii

FEB 13 , 2025

RE: H.B. No. 707  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committees on Higher Education and Education, to which was referred H.B. No. 707 entitled:

"A BILL FOR AN ACT RELATING TO THE COLLEGE SAVINGS PROGRAM,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Establish a state income tax deduction for contributions made to Hawaii 529 accounts through the College Savings Program; and
- (2) Opt into the amendments of the Internal Revenue Code that authorize 529 benefits to be used for K-12 educational expenses as authorized by federal law.

Your Committees received testimony in support of this measure from the Hawai'i State Council on Developmental Disabilities and seven individuals. Your Committees received comments on this measure from the Department of Taxation; Department of Budget and Finance; and Tax Foundation of Hawaii.

Your Committees find that the HI529 Hawaii's College Savings Program assists and encourages families in Hawaii to save and invest funds for future higher education expenses. Your Committees further find that the investment income earned under

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the Program is exempt from federal and state taxes; provided that the funds are used for qualified higher education expenses.

Your Committees note that the federal Tax Cuts and Jobs Act of 2017 expanded 529 plan benefits to include K-12 educational expenses. This measure will conform state law to these specific changes made to the Internal Revenue Code and strengthen Hawaii's 529 college savings program.

Your Committees note that establishing a state income tax deduction for accounts under the Hawaii Achieving A Better Life Experience Savings Program, which provides for individual savings accounts for individuals with a disability and their families to save private funds to support the individuals, will also promote greater financial security and educational opportunities within the disability community.

Your Committees have accordingly amended this measure by:

- (1) Including accounts through the Hawaii Achieving a Better Life Experience Savings Program under the state income tax deduction established by this measure;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 707, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 707, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committees on Higher Education  
and Education,

  
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JUSTIN H. WOODSON, Chair

  
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ANDREW TAKUYA GARRETT, Chair



