

MAR 16 2026

SENATE RESOLUTION

URGING THE GOVERNOR TO RECONSIDER HIS DECISION NOT TO ALLOW
HAWAII TO PARTICIPATE IN THE FEDERAL EDUCATION FREEDOM TAX
CREDIT PROGRAM.

1 WHEREAS, the Federal Education Freedom Tax Credit Program,
2 scheduled to take effect in 2027, provides a federal tax credit
3 of up to \$1,700 for voluntary donations to certified scholarship
4 granting organizations (SGOs); and
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6 WHEREAS, scholarships funded through the Education Freedom
7 Tax Credit will be awarded to "students eligible to enroll in a
8 public elementary or secondary school and from a household with
9 income not greater than 300% of the area's median gross income";
10 and
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12 WHEREAS, scholarships can be used for a wide array of
13 education expenses including tuition for students to attend
14 private schools of choice, tutoring at public schools, and
15 support services for students with disabilities; and
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17 WHEREAS, the Federal Education Freedom Tax Credit Program
18 is funded by private contributions and the federal tax code,
19 rather than through state appropriations; and
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21 WHEREAS, the Federal Education Freedom Tax Credit Program
22 expands options for low- and middle-income families, while
23 having no impact on state revenues and no reduction in public
24 school funding; and
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26 WHEREAS, a state must opt-in to be considered a "covered
27 state" participating in the program, and the statute provides
28 the Governor of each state with the authority to make the
29 election on behalf of the state; and
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31 WHEREAS, as of January 27, 2026, twenty-three states have
32 elected to participate in the program: Alabama, Alaska,



1 Arkansas, Georgia, Idaho, Indiana, Iowa, Louisiana, Mississippi,
2 Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio,
3 Oklahoma, South Carolina, South Dakota, Tennessee, Texas,
4 Virginia, West Virginia, and Wyoming; and

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6 WHEREAS, while even residents of non-participating states
7 may make qualifying contributions to receive the tax credit, the
8 non-participating state and its students will not receive the
9 benefit of donated scholarship resources; instead, the donations
10 will be used to benefit SGOs and students in participating
11 states; and

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13 WHEREAS, if Hawaii elected to participate in the program,
14 the State could designate SGOs supporting students in Hawaii to
15 receive the qualifying donations; and

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17 WHEREAS, SGOs must be charities that use at least 90% of
18 their income on scholarships for education choice options for
19 eligible K-12 students; and

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21 WHEREAS, Hawaii reported 52% proficiency in reading and 40%
22 proficiency in math in 2023 with some schools reflecting
23 proficiency rates as low as 12% and significant disparities for
24 Native Hawaiian and Pacific Islander students; and

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26 WHEREAS, opting-in to the Federal Education Freedom Tax
27 Credit Program provides Hawaii's education system with more
28 financial resources and empowers families with more decision-
29 making power over their children's education; now, therefore,

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31 BE IT RESOLVED by the Senate of the Thirty-third
32 Legislature of the State of Hawaii, Regular Session of 2026, the
33 Governor is urged to reconsider his decision not to allow Hawaii
34 to participate in the Federal Education Freedom Tax Credit
35 Program; and

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37 BE IT FURTHER RESOLVED that certified copies of this
38 Resolution be transmitted to the Governor and Superintendent of
39 Education.



S.R. NO. 148

OFFERED BY: 

