

ACT 91

H.B. NO. 1057

A Bill for an Act Relating to the State of Hawaii College Savings Program.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. In 2002, the State of Hawaii established a college savings program called “TuitionEDGE” pursuant to chapter 256, Hawaii Revised Statutes, and Section 529 of the Internal Revenue Code of 1986, as amended. In November 2007, the State contracted with a new program manager and changed its name to “HI529 - Hawaii’s College Savings Program.” The program was established and exists to assist and encourage families to set aside funds for future higher education expenses.

As of September 30, 2008, there were approximately three thousand seven hundred accounts in the program and \$39,400,000 in program assets. The asset size of Hawaii’s program is relatively small and the participation rate is low compared to other states’ college savings programs. The State would like to see the program grow and assist more families with saving for college. In these challenging economic times, it is even more important to find ways to help families reach their educational goals. This Act will allow third parties, such as grandparents and other relatives and friends, to contribute directly to a college savings account for a designated beneficiary. This will enable relatives or friends to easily make

contributions into a HI529 account set up for the special child or individual they want to help with achieving their college dreams.

SECTION 2. Section 256-4, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) ~~[Only the account owner may make contributions to the account]~~
Any person or entity, regardless of whether the person or entity is the account owner, may make contributions to the account after the account is opened.”

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 Statutory material to be repealed is bracketed and stricken.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

SECTION 4. This Act shall take effect on July 1, 2009, and shall apply to taxable years beginning after December 31, 2008.

(Approved June 5, 2009.)