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# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

PART I

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§235- Credit for charter school facility development.

(a) There shall be allowed to each taxpayer who is subject to the tax imposed by this chapter, and does not owe the State delinquent taxes, penalties, or interest, a credit for contributions of money or in-kind services for the development of charter school facilities. The credit shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

(b) The amount of the tax credit established under this section shall be equal to per cent of the value of contributions of in-kind goods and services to the Hawaii charter school facility development special fund for that taxable year; provided that the aggregate value of the



1 contributions of in-kind services claimed by a taxpayer shall  
2 not exceed \$ \_\_\_\_\_ in a given taxable year.

3 (c) For purposes of this section:

4 "Charter schools" has the same meaning as defined in  
5 section 302A-101.

6 "Net income tax liability" means net income tax liability  
7 reduced by all other credits allowed under this chapter.

8 "Value of contributions of in-kind goods and services"  
9 means the fair market value of uncompensated services or labor  
10 as determined and certified by the department of accounting and  
11 general services.

12 (d) The tax credit allowed under this section shall be  
13 claimed against net income tax liability for the taxable year.  
14 A tax credit under this section that exceeds the taxpayer's  
15 income tax liability may be used as a credit against the  
16 taxpayer's income tax liability in subsequent years until  
17 exhausted.

18 (e) All claims for tax credits under this section,  
19 including any amended claims, shall be filed on or before the  
20 end of the twelfth month following the close of the taxable year  
21 for which the credits may be claimed. Failure to comply with



1 the foregoing provision shall constitute a waiver of the right  
2 to claim the credit.

3 (f) The department of education shall maintain records of  
4 the names of taxpayers eligible for the credit and the total  
5 value of in-kind services contributed for the development of  
6 charter school facilities for the taxable year. All  
7 contributions shall be verified by the department of education.  
8 The department of education shall total all contributions that  
9 the department of education certifies. Upon each determination,  
10 the department of education shall issue a certificate to the  
11 taxpayer certifying:

12 (1) The amount of the contribution; and  
13 (2) That the taxpayer has obtained a current and valid  
14 certificate signed by the director of taxation,  
15 showing that the taxpayer does not owe the State any  
16 delinquent taxes, penalties, or interest.

17 The taxpayer shall file the certificate from the department of  
18 education with the taxpayer's tax return with the department of  
19 taxation. When the total amount of certified contributions  
20 reaches \$ \_\_\_\_\_, the department of education shall  
21 immediately discontinue certifying contributions and notify the  
22 department of taxation. In no instance shall the total amount



1 of certified contributions exceed \$ for each taxable  
2 year.

3 (g) The State shall provide not more than \$ in  
4 tax credits for contributions of in-kind services in Hawaii for  
5 the development of charter school facilities.

6 (h) The director of taxation shall prepare any forms that  
7 may be necessary to claim a tax credit under this section. The  
8 director may also require the taxpayer to furnish reasonable  
9 information to ascertain the validity of the claim for credit  
10 made under this section and may adopt rules necessary to  
11 effectuate the purposes of this section pursuant to chapter 91."

12 SECTION 2. Chapter 302D, Hawaii Revised Statutes, is  
13 amended by adding a new section to be appropriately designated  
14 and to read as follows:

15 "§302D- Hawaii charter school facility development  
16 special fund. (a) There is established within the department a  
17 special fund to be known as the Hawaii charter school facility  
18 development special fund, which shall be administered by the  
19 commission.

20 (b) Moneys in the Hawaii charter school facility  
21 development special fund may be:



1        (1) Expended by the commission for the acquisition,  
2        planning, design, improvement, construction,  
3        equipping, furnishing, administering, operating, and  
4        maintaining of charter school facilities and any other  
5        purpose deemed necessary by the department for the  
6        purpose of developing charter school facilities; or  
7        (2) Pledged by the commission to secure loans from private  
8        lending institutions for financially stable charter  
9        schools.

10       (c) The fund may receive contributions, grants,  
11       endowments, gifts in cash or otherwise, loans, and bond  
12       financing from all sources, including corporations or other  
13       businesses, foundations, government, individuals, and other  
14       interested parties. Any interest accrued on moneys in the fund  
15       shall become part of the fund. The State may appropriate moneys  
16       to the fund."

PART II

18       SECTION 3. There is appropriated out of the general  
19       revenues of the State of Hawaii the sum of \$                    or so  
20       much thereof as may be necessary for fiscal year 2014-2015 to be  
21       deposited into the Hawaii charter school facility development  
22       special fund.



1 SECTION 4. There is appropriated out of the Hawaii charter  
 2 school facility development special fund the sum of  
 3 \$ or so much thereof as may be necessary for fiscal  
 4 year 2014-2015 to support the development of charter school  
 5 facilities.

6 The sum appropriated shall be expended by the state public  
 7 charter school commission for the purposes of this Act.

8 PART III

9 SECTION 5. New statutory material is underscored.

10 SECTION 6. This Act shall take effect upon its approval  
 11 and shall apply to taxable years beginning after December 31,  
 12 2013; provided that part II of this Act shall take effect on  
 13 July 1, 2014.

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INTRODUCED BY: 

JAN 23 2014



# H.B. NO. 2576

**Report Title:**

Hawaii Charter School Facility Development Special Fund; Tax Credit; Appropriation

**Description:**

Establishes a special fund for the development of charter school facilities. Establishes an income tax credit for taxpayers who make contributions to the development of charter school facilities. Appropriates funds for the Hawaii charter school facility development special fund.

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

