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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that student debt has  
2           increasingly become a burden on individuals and families. The  
3           legislature further finds that it is important to the State's  
4           future to ensure that student loans are not an obstacle to  
5           pursuing postsecondary education. The purpose of this Act is to  
6           encourage Hawaii residents to pursue postsecondary education by  
7           assisting with education loan repayment.

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

11          "§235-    Student loan interest; tax deduction. (a) In  
12          addition to any other deduction provided by this chapter, there  
13          shall be allowed as a deduction from gross income the amount,  
14          not to exceed \$5,000, for amounts paid during the taxable year  
15          by an individual taxpayer for student loan interest paid on any  
16          qualified education loan as defined by title 26 United States  
17          Code section 221.



1        (b) The director of taxation shall prepare such forms as  
2 may be necessary to claim a tax deduction under this section.  
3 The director may also require the taxpayer to furnish reasonable  
4 information to ascertain the validity of the claim for the  
5 deduction made under this section and may adopt rules, pursuant  
6 to chapter 91, necessary to effectuate the purposes of this  
7 section."

8        SECTION 3. New statutory material is underscored.

9        SECTION 4. This Act shall take effect on July 1, 2017, and  
10 shall apply to taxable years beginning after December 31, 2016.

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**Report Title:**

Student Loan Interest; Tax Deduction

**Description:**

Provides an additional state income tax deduction of up to \$5,000 per year for student loan interest paid on qualified education loans. (SD1)

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

