A BILL FOR AN ACT

RELATING TO TAXATION.

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

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

"§235- Teacher expenses; tax credit. (a) There shall be allowed to each qualifying taxpayer subject to the tax imposed by this chapter a tax credit for qualifying expenses that 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 shall be equal to the amount expended for qualifying expenses in a taxable year; provided that the credit shall not exceed $500 per taxable year.

(c) A qualifying taxpayer claiming a credit under this section shall obtain a written certificate from the school or schools with whom the taxpayer is employed that verifies the:

(1) Amount of the qualifying expenses paid or incurred by the qualifying taxpayer; and
(2) Employment of the qualifying taxpayer during the period when the materials or services purchased were used or applied.

The taxpayer shall file the certificate with the taxpayer's tax return with the department.

(d) If the tax credit under this section exceeds the taxpayer's net income tax liability, the excess of credit over liability may be used as a tax credit against the taxpayer's net income tax liability in subsequent years until exhausted.

(e) All claims for a tax credit under this section, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the tax credit may be claimed. Failure to comply with the forgoing provision shall constitute a waiver of the right to claim the tax credit.

(f) No other tax credit or deduction shall be claimed under this chapter for the certain expenses used to claim a tax credit under this section for the taxable year.

(g) The director of taxation:

(1) Shall prepare any forms necessary to claim a tax credit under this section;
(2) May require the taxpayer to furnish reasonable information to ascertain the validity of the claim for the tax credit made under this section; and

(3) May adopt rules, pursuant to chapter 91, to effectuate this section.

(h) For the purposes of this section:

"Qualifying expenses" means expenses paid or incurred by a qualifying taxpayer in connection with:

(1) Books;

(2) Supplies, other than athletic supplies for courses of instruction in health or physical education;

(3) Computer equipment, including related software and services;

(4) Supplementary materials used in the classroom; and

(5) Professional development courses related to the curriculum in which the taxpayer provides instruction.

"Qualifying taxpayer" means an individual taxpayer employed by the department of education, a charter school, or a private school in the State who is engaged primarily in the teaching or instruction of students in any grade from kindergarten through twelfth grade or in related activities that are centered on
students, and who is in close and continuous contact with
students.

"Qualifying taxpayer" includes but is not limited to a
classroom teacher, special education teacher, school librarian,
counselor, or registrar."

SECTION 2. New statutory material is underscored.
SECTION 3. This Act, upon its approval, shall apply to
taxable years beginning after December 31, 2018.
Report Title:
Tax Credit; Teacher Expenses

Description:
Establishes a state income tax credit for certain expenses paid or incurred by school teachers, special education teachers, school librarians, counselors, and registrars.

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