S.B. NO. 2552

A BILL FOR AN ACT

RELATING TO COLLEGE SAVINGS PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

SECTION 1. The legislature finds that state-sponsored college savings accounts are an evidence-based method for helping students build savings to further their education. College savings accounts are special savings accounts that match the deposits of savers, provided that they participate in financial education, deposit the money through a student-run financial institution, and use the savings for post-secondary education. Research demonstrates that these accounts can help build better financial habits and promote secondary education among high school students.

Accordingly, the purpose of this Act is to:

(1) Require the State to match up to $100,000 per calendar year for college savings account funds deposited with a student-run financial institution, subject to certain conditions; and

(2) Appropriate funds.
SECTION 2. Chapter 256, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§256— College savings accounts within student-run financial institutions. (a) The State shall match an amount of up to $100,000 per calendar year for college savings account funds deposited within a student-run financial institution; provided that the account holder completes a financial education program.

(b) Not more than a 2:1 match of state funds to account holder deposits shall be deposited into any college savings account within a student-run financial institution in any given year.

(c) State match funds shall only be withdrawn from the account when the account holder makes a request for the qualified expenditure. State match funds shall not be deposited directly into any account.

(d) When the total amount of certified contributions reaches $1,000,000, the department shall immediately discontinue certifying contributions. In no instance shall the total amount
of certified contributions exceed $1,000,000 over the five-year period between January 1, 2021 and December 31, 2025.

(e) For purposes of this section:

"Financial education program" means a certified class that teaches the capacity, based on knowledge, skills, and access, to manage financial resources effectively.

"Student-run financial institution" means a financial institution housed within any school in the State, sponsored by a financial institution licensed and chartered to do business within the State, whose deposits are insured either by the Federal Deposit Insurance Corporation or the National Credit Union Administration."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2020-2021 for the purposes of this act.

The sum appropriated shall be expended by the department of finance for the purposes of this Act.

SECTION 4. New statutory material is underscored.
SECTION 5. This Act shall take effect on July 1, 2020.

INTRODUCED BY:

[Signature]

[Signature]

[Signature]
Report Title:
College Savings Account; Matching; Appropriation

Description:
Requires the State to match up to $100,000 per calendar year for college savings account funds deposited at student-run financial institutions, subject to certain conditions. Appropriates funds.

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