



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Ways and Means
Wednesday, February 28, 2024, at 10:02 a.m.

By

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SB 2279 SD1 – RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The University of Hawai'i (UH) appreciates the opportunity to offer comments on Senate Bill 2279 SD1 regarding the taxation of tuition waivers for graduate assistants (GAs) enrolled in graduate-level coursework.

SB 2279 SD1 acknowledges the significance of graduate education in preparing individuals for advanced careers in academia or industry. It recognizes that tuition waivers provided by universities to graduate assistants represent a quantifiable benefit as a part of their overall package of compensation for being a graduate assistant. SB 2279 SD1 proposes that tuition waivers would be considered taxable income for state income taxation purposes.

Currently, the determination of the taxability of tuition waivers to graduate assistants is left to the employee. Employed graduate assistants who receive compensation from UH receive appropriate income tax documents (i.e. W-2, 1099's, etc.). However, if this bill is enacted, it would necessitate updates to state payroll processes to include GAs as Wages-in-Kind (WIK). Mechanically, the process would require the Department of Accounting and General Services (DAGS) to create a separate code for GA tuition waivers, specifically for state taxation purposes but still requiring the employee to determine the taxability related to federal taxation. Thus, we defer to DAGS on the implementation of this measure.

In conclusion, UH supports equitable taxation treatment for graduate assistants receiving tuition waivers. We believe that the proposed legislation addresses a matter of statewide concern and promotes fairness in the taxation of educational benefits. However, we recommend further consideration of the potential administrative and logistical challenges associated with implementation.

Thank you for considering our testimony on this important matter.