

STAND. COM. REP. NO.

460

Honolulu, Hawaii

FEB 15

, 2023

RE: H.B. No. 662
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Health & Homelessness and Economic Development, to which was referred H.B. No. 662 entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

beg leave to report as follows:

The purpose of this measure is to exempt amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or medical practitioner for health care related goods or services purchased under Medicare, Medicaid, or TRICARE from the general excise tax.

Your Committees received testimony in support of this measure from the University of Hawai'i System; Mayor of the County of Hawai'i; Hawaii Substance Abuse Coalition; Hawai'i Island Chamber of Commerce; Hawai'i Association of Professional Nurses; Hawai'i Health & Harm Reduction Center; Hawaii Independent Physicians Association; Health and Medical Services Subcommittees of the Kupuna Caucus of the Democratic Party of Hawai'i; Kauai Community Health Alliance; Hawaii Chapter of the American Physical Therapy Association; Big Island Docs; Hawaii Dental Service; Joyful Living, LLC; Synergy Health LLC; AARP Hawai'i; Hawaii Medical Association, Dr. Smith Family Medicine; and fifteen individuals. Your Committees received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Grassroot Institute of Hawaii, and two individuals.

2023-1590 HB662 HD1 HSCR HMSO



Your Committees find that medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, but those same services are fully taxable if rendered by individual or group practices or clinics. Your Committees further find that Medicare, Medicaid, and TRICARE do not compensate for the difference created by the general excise tax, which leads to some inconsistency in the impact to health care providers and causes some providers not to accept this group of patients. This measure would eliminate the disparity in compensation and would help ease the financial burden of caring for patients with Medicare, Medicaid and TRICARE.

Your Committees have amended this measure by:

- (1) Clarifying that amounts received by a dental practitioner for health care related goods or services purchased under the Medicare, Medicaid, or TRICARE programs are exempt from the general excise tax;
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health & Homelessness and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 662, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 662, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Health &
Homelessness and Economic
Development,



DANIEL HOLT, Chair



DELLA AU BELATTI, Chair



H SCR 460

Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB662	Committee Referral: HLT/ECD, FIN	Date: 2/10/2023		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. HOLT, Daniel (C)	/			
2. LAMOSAO, Rachele F. (VC)	/			
3. HUSSEY-BURDICK, Natalia				/
4. KONG, Sam Satoru	/			
5. NAKAMURA, Nadine K.	/			
6. QUINLAN, Sean				/
7. PIERICK, Elijah				/
TOTAL (7)	4			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				