

Honolulu, Hawaii

FEB 15 2007

RE: S.B. No. 1182  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which  
was referred S.B. No. 1182, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NEEDS ALLOWANCE,"

begs leave to report as follows:

The purpose of this measure is to raise the needs allowance  
for persons in institutional care settings.

Specifically, this measure establishes a needs allowance of  
up to fifty dollars, to be increased annually in an amount equal  
to the social security income benefit increase for persons  
residing in community care homes and other long-term care  
facilities.

Testimony in support of this measure was submitted by the  
Department of Human Services, the Mayor of the County of Hawaii,  
Hawaii Disability Rights Center, Healthcare Association of Hawaii,  
Kokua Council, National Association of Social Workers, and two  
individuals. The Department of Taxation, Hawaii Coalition of Care  
Home Administrators, and Tax Foundation of Hawaii submitted  
comments.

Your Committee finds that the current needs allowance of  
thirty dollars is insufficient and has not been raised since 1988.  
This allowance is intended to pay for clothing, toiletries, bus  
fare, personal postage costs, snacks, and other incidental  
expenses of day-to-day living. Your Committee finds this amount  
is too low to meet basic necessities for a minimally acceptable



daily quality of life. Therefore, it is fitting to raise the needs allowance for individuals living in long-term care facilities and community care home residents.

Your Committee has received a revenue impact statement from the Department of Taxation (Department) that indicates a revenue loss of an estimated \$512,000, for fiscal year 2008, and an increase in general fund expenditures by an unspecified amount of monies in fiscal year 2008.

In its methodology, the Department used data from the Data Center on Hawaii's Aging for the Executive Office on Aging. The number of beds provided by long-term care facilities was (8,524) multiplied by the annual allowance (\$600), resulting in \$5.1 million per year. The Department then calculated the income tax exemption to be \$307,000, applying the average income tax rate of six per cent, and the GET exemption, to be \$205,000, applying the GET rate of four per cent. These exemptions total \$512,000.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1182, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,

  
CAROL FUKUNAGA, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:*	Committee Referral:	Date:
<i>SB 1182 SDI</i>	<i>HSP, EDT, WAM</i>	<i>2/13/07</i>
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313
Members	Aye	Aye (WR)
Nay	Excused	
FUKUNAGA, Carol (C)	✓	
ESPERO, Will (VC)	✓	
ENGLISH, J. Kalani		✓
IGE, David Y.		✓
SLOM, Sam	✓	
<b>TOTAL</b>	<i>3</i>	<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <i>Will Espero</i>		
Distribution:      Original      Yellow      Pink File with Committee Report      Clerk's Office      Drafting Agency		

\*Only one measure per Record of Votes