
A BILL FOR AN ACT

RELATING TO MEDICAL SERVICES TAX CREDIT.

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

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

4 "§235- Medical services excise tax credit. (a) Each
5 resident individual taxpayer, who files an individual income tax
6 return for a taxable year, and who is not claimed or is not
7 otherwise eligible to be claimed as a dependent by another
8 taxpayer for Hawaii state individual income tax purposes, may
9 claim a medical services excise tax credit against the resident
10 taxpayer's individual income tax liability for the taxable year
11 for which the individual income tax return is being filed;
12 provided that a resident individual who has no income or no
13 income taxable under this chapter and who is not claimed or is
14 not otherwise eligible to be claimed as a dependent by a
15 taxpayer for Hawaii state individual income tax purposes may
16 also claim this tax credit.

17 (b) The medical services excise tax credit shall be equal
18 to the amount of general excise tax paid by the provider or



1 providers of the qualified medical services received and paid
2 for by the taxpayer during the taxable year.

3 (c) The tax credit claimed by a resident taxpayer pursuant
4 to this section shall be applied against the resident taxpayer's
5 individual income tax liability, if any, for the tax year in
6 which they are properly claimed. If the tax credit claimed by
7 the resident taxpayer exceeds the amount of income tax payment
8 due from the resident taxpayer, the excess of credit over
9 payments due shall be refunded to the resident taxpayer;
10 provided that a tax credit properly claimed by a resident
11 individual who has no income tax liability shall be paid to the
12 resident individual; and provided further that no refunds or
13 payment on account of the tax credit allowed by this section
14 shall be made for amounts less than \$1.

15 (d) The director of taxation shall prepare such forms as
16 necessary to claim a credit under this section. The director
17 may also require the taxpayer to furnish reasonable information
18 to enable the director to ascertain the validity of the claim
19 for credit made under this section and may adopt rules necessary
20 to effectuate the purposes of this section pursuant to chapter
21 91.



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

7 (f) For purposes of this section:

8 "Prosthetic device" means any artificial device or
9 appliance, instrument, apparatus, or contrivance, including
10 their components, parts, accessories, and replacements thereof,
11 used to replace a missing or surgically removed part of the
12 human body, which is prescribed by a licensed practitioner of
13 medicine, osteopathy, or podiatry and which is sold by the
14 practitioner or which is dispensed and sold by a dealer of
15 prosthetic devices; provided that "prosthetic device" shall not
16 mean an auditory, ophthalmic, dental, or ocular device or
17 appliance, instrument, apparatus, or contrivance.

18 "Qualified medical services" includes medical services
19 provided by a hospital, infirmary, medical clinic, health care
20 facility, pharmacy, or a practitioner licensed to administer
21 drugs to an individual or to sell prescription drugs or
22 prosthetic devices to an individual; provided the services are



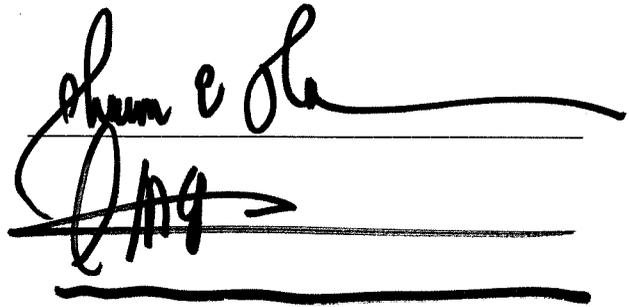
1 necessary to treat a person's medical or health condition,
2 including physicians' visits and consultations; provided further
3 that "medical services" shall not include cosmetic surgery or
4 cosmetic care, plastic surgery, and cosmetic dentistry unless
5 the costs and expenses from such medical services qualify as a
6 deduction under Section 213 of the Internal Revenue Code."

7 SECTION 2. New statutory material is underscored.

8 SECTION 3. This Act shall take effect upon its approval
9 and shall apply to taxable years beginning after December 31,
10 2006.

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INTRODUCED BY:



JAN 24 2007



Report Title:

Tax Credit; Medical Services

Description:

Reenacts the medical services tax credit.

