

STAND. COM. REP. NO.

2692

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 2155
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2155, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAXATION,"

begs leave to report as follows:

The purpose of this measure is to clarify that reimbursements received by managed care support contractors for advances made on behalf of the federal government are not subject to the Hawaii general excise tax.

Specifically, this measure clarifies that any amounts received by a managed care support contractor as reimbursements of costs or advances made by the contractor, pursuant to a contract with the federal government for the administration of the TRICARE program, are exempt from the Hawaii general excise tax.

Your Committee finds that the TRICARE program augments the health care services provided by the United States Department of Defense personnel at military facilities and contracts with third-party administrators, known as "managed care support contractors", to establish and maintain networks of TRICARE-authorized civilian health care providers in various regions of the United States. These managed care support contractors make advances to doctors, hospitals, and other providers for costs of health care services provided to TRICARE beneficiaries. The United States Department of Defense then reimburses managed care support contractors the amounts they have advanced.



Your Committee received testimony in support of this measure from the Hawaii Medical Services Association and Goodsill, Anderson, Quinn, and Stifel LLP. The Department of Taxation, Tax Foundation of Hawaii, and two individuals offered comments.

Your Committee finds that the clarification provided by this measure will prevent the costs of health care services delivered through the TRICARE program from increasing and will further preclude any adverse consequences on the members of our uniformed services and their families from the increased costs of health care.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2155, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>SB2/55, SD1</i>	Committee Referral: <i>EDT, WAM</i>	Date: <i>2/25/08</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
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani				/
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUYE, Lorraine R.				/
KIM, Donna Mercado	/			
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
WHALEN, Paul	/			
TOTAL	<i>10</i>	<i>0</i>	<i>0</i>	<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes