STAND. COM. REP. NO. **597**

Honolulu, Hawaii

Fe 720, 2009

RE: H.B. No. 702

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 702 entitled:

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

begs leave to report as follows:

The purpose of this bill is to exempt, from the general excise tax (GET), amounts received as reimbursements by a managed care support contractor of the federal TRICARE program for the actual cost or advancement to third party health care providers pursuant to a contract with the federal government.

The Hawaii Medical Service Association, TriWest Healthcare Alliance Inc., and The Chamber of Commerce of Hawaii supported this bill. The Department of Taxation (DOTAX) and Tax Foundation of Hawaii submitted comments.

Your Committee notes that this measure clarifies the existing opinion of DOTAX that the reimbursements received by a managed care support contractor are not subject to the GET.

In addition, your Committee requests the Committee on Finance to which this bill is next referred to examine the GET exemption language, a portion of which may need to be clarified to state, "...the actual costs of or advancement to third party health care providers for services provided pursuant to a contract."

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 702 and recommends that it be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Revitalization, Business, & Military Affairs,

ANGUS L.K. MCKELVEY, Chair

State of Hawaii House of Representatives The Twenty-fifth Legislature

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HSCR Committee Referral: HB 702 49 HLT EBM, FIN 9/17/09				
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)				
2. CHOY, Isaac W. (VC)				The second of th
2. CHO1, Isaat W. (VC)	V			
3. BERG, Lyla B.	V			
4. EVANS, Cindy				
5. MANAHAN, Joey	✓			
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6. TAKAI, K. Mark				
7. TOKIOKA, James Kunane				
8. TSUJI, Clift				
9. WAKAI, Glenn				
7. WAKAI, GEIII	A Property of the San			
10. WOOLEY, Jessica	· /			
11. WARD, Gene		4		
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TOTAL (11)	9	2		
The recommendation is: If joint referral, did not support recommendation did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				