STAND. COM. REP. NO. 318

Honolulu, Hawaii

FEB 1 9 2015

RE: S.B. No. 727 S.D. 1

Honorable Donna Mercado Kim President of the Senate Twenty-Eighth State Legislature Regular Session of 2015 State of Hawaii

Madam:

Your Committees on Human Services and Housing and Commerce and Consumer Protection, to which was referred S.B. No. 727 entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE,"

beg leave to report as follows:

The purpose and intent of this measure is to establish a long-term care surcharge on state tax as a dedicated source of funding to pay for claims for defined benefits under the long-term care financing program.

Your Committees received testimony in support of this measure from the Maui County Office on Aging, Policy Advisory Board for Elderly Affairs, and three individuals. Your Committees received testimony in opposition to this measure from the Chamber of Commerce Hawaii, National Association of Insurance and Financial Advisors Hawaii, and one individual. Your Committees received comments on this measure from the Department of Budget and Finance, Department of Taxation, Office of Information Practices, Tax Foundation of Hawaii, and Grassroot Institute of Hawaii.

Your Committees find that Hawaii's population age sixty-five and older is increasing drastically, and the demand for home-based long-term care services is quickly outpacing affordability of caring for the State's kupuna. Considering Hawaii's long-term care costs are among the highest in the country and the majority of older adults want to age in place, your Committees find that

the State must help ease the financial burden placed on families to provide long-term care to their family members.

Your Committees have amended this measure by:

- (1) Merging two sections to consolidate the Department of Taxation's data collection requirements for the purposes of clarity and consistency;
- (2) Extending the deadline for the Department of Taxation to transmit annual taxpayer data to the Board of Trustees to December 31 of each year instead of three months after income tax returns are due;
- (3) Inserting language specifying that the actuarial report on the long-term care financing program and any work product, papers, documents, and data used to prepare the report are not subject to the disclosure exceptions under section 92F-13, Hawaii Revised Statutes, to ensure the information is available to the public;
- (4) Inserting language to clarify that the ten years of filing tax returns that is required before a person is fully vested and eligible to receive the defined benefit means the most recent ten years of income tax filings;
- (5) Substituting references to paying taxes with references to filing tax returns to clarify that qualifying for the defined benefit only requires the filing of tax returns even if no payment of taxes is owed;
- (6) Inserting language requiring the Director of Taxation to provide tax return information to the qualified entity contracted to administer the long-term care financing program;
- (7) Inserting an effective date of January 1, 2017; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 727, as amended

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herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 727, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Human Services and Housing and Commerce and Consumer Protection,

ROSALYN H. BAKER, Chair

SNJANNE CHUN OAKLAND, Chair

The Senate Twenty-Eighth Legislature State of Hawai'i

Record of Votes Committee on Human Services and Housing HSH

Bill / Resolution No.:* SB 727	Committee Referral: HSH/CPN, WAM Z/12/15								
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:									
The Recommendation is:									
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313									
Members		Aye	Aye (WR)	Nay	Excused				
CHUN OAKLAND, Suzanne (C)		 ×							
GREEN, Josh (VC)					X				
HARIMOTO, Breene		X							
RIVIERE, Gil			X						
SLOM, Sam					X				
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TOTAL		2	1	·	2				
Recommendation: Adopted Not Adopted									
Chair's or Designee's Signature:									
Distribution: Original File with Committee Re	Yellow Pink Goldenrod eport Clerk's Office Drafting Agency Committee File Copy								

The Senate Twenty-Eighth Legislature State of Hawai'i

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral: Date:								
SB 727	HSH/CPN, WAM 2-12-15								
The Committee is reconsidering its previous decision on this measure.									
If so, then the previous decision was to:									
The Recommendation is:									
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313									
Members		Aye	Aye (Wi	R) Nay	Excused				
BAKER, Rosalyn H. (C)		V							
TANIGUCHI, Brian T. (VC)		بر			-				
KAHELE, Gilbert		i							
KIDANI, Michelle N.		V							
NISHIHARA, Clarence K.					•				
WAKAI, Glenn					V				
SLOM, Sam	·····				~				
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TOTAL		4							
Recommendation: Adopted Not Adopted									
Chair's or Designee's Signature: Muhllu Adam'									
Distribution: Original File with Committee Re	Yellow Pink Goldenrod eport Clerk's Office Drafting Agency Committee File Copy								

*Only one measure per Record of Votes