

Honolulu, Hawaii

FEB 19 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:

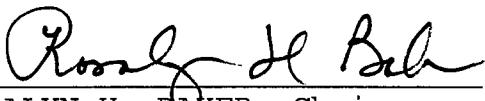
- (1) Merging two sections to consolidate the Department of Taxation's data collection requirements for the purposes of clarity and consistency;
- (2) Extending the deadline for the Department of Taxation to transmit annual taxpayer data to the Board of Trustees to December 31 of each year instead of 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



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

  
SUZANNE CHUN OAKLAND, Chair



**Record of Votes**  
**Committee on Human Services and Housing**  
**HSH**

\*Only one measure per Record of Votes

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

\*Only one measure per Record of Votes