

Honolulu, Hawaii

, 2023

MAR 24

S.B. No. 1035 RE:

> S.D. 2 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committees on Health & Homelessness and Economic Development, to which was referred S.B. No. 1035, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX,"

beg leave to report as follows:

The purpose of this measure is to exempt amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or medical practitioner for health care related goods or services purchased under Medicare, Medicaid, or TRICARE from the general excise tax.

Your Committees received testimony in support of this measure from the University of Hawai'i System; AARP Hawai'i; Hawaii Federation of Republican Women; Hawai'i Association of Professional Nurses; 'Ahahui o nā Kauka; Hawaii Substance Abuse Coalition; Hawai'i Family Caregiver Coalition; Free Access Coalition; Kahala Children's Medical Group; Hawaii County Medical Society; Kauai Community Health Alliance; Hawaii Provider Shortage Crisis Task Force; Hilo and Kea'au Urgent Care; Hawaii Medical Association; Hawaii Association of Health Plans; Hawaii Independent Physicians Association; The Kūpuna Caucus of the Democratic Party of Hawai'i; Oahu Kidney Care; VFW Hawaii; Children's Doctors LLC; Joyful Living, LLC; PJ Huonker MD Corp; American Veterans Hawaii; HI

2023-2845 SB1035 HD1 HSCR HMSO  Econ; Hawaii Radiological Society; Hawai'i Speech-Language Hearing Association; Maui Orthopedic Institute; and numerous individuals. Your Committees received comments on this measure from the Department of Taxation, Grassroot Institute of Hawaii, and Tax Foundation of Hawaii.

Your Committees find that medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, but those same services are fully taxable if rendered by individual or group practices or clinics. Your Committees further find that Medicare, Medicaid, and TRICARE do not compensate for the difference created by the general excise tax, which leads to some inconsistency in the impact to health care providers and causes some providers not to accept this group of patients. This measure would eliminate the disparity in compensation and help ease the financial burden of caring for patients with Medicare, Medicaid, or TRICARE.

Your Committees have amended this measure by:

- (1) Exempting amounts received by a dental practitioner for health care related goods or services purchased under the Medicaid, Medicare, or TRICARE programs from the general excise tax;
- (2) Removing its sunset date;
- (3) Making it applicable to taxable years beginning after December 31, 2023;
- (4) Inserting an effective date of June 30, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health & Homelessness and Economic Development that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1035, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1035, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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Respectfully submitted on behalf of the members of the Committees on Health & Homelessness and Economic Development,

DANIEL HOLT, Chair

DELLA AU BELATTI, Chair

## State of Hawaii House of Representatives The Thirty-second Legislature



## **Record of Votes of the Committee on Health & Homelessness**

Bill/Resolution No.: SB1035, SD2	Committee Referral: HLT/ECD, FIN						
The committee is reconsidering its previous decision on the measure.							
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HLT Members	Ayes	Ayes (WR)	Nays	Excused			
1. BELATTI, Della Au (C)							
2. TAKENOUCHI, Jenna (VC)				2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2			
3. AMATO, Terez				10-11 X 27-10 X			
			量的数据的				
4. ILAGAN, Greggor							
5. KOBAYASHI, Bertrand				3-560 J. D- <del>15</del> 40 32			
C MIZUNO Labor M							
6. MIZUNO, John M.			4,310,000,300,000				
7. NISHIMOTO, Scott Y.							
7. N. M.							
8. GARCIA, Diamond				+ 5.348.2348.88			
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TOTAL (8)	$\mathcal{G}$						
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)							
Vice Chair's or designee's signature:							
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO							

## State of Hawaii House of Representatives The Thirty-second Legislature



## **Record of Votes of the Committee on Economic Development**

Bill/Resolution No.: SB1035, SD2	Committee Referral: HLT/ECD, FIN	ECD, FIN Date: 3/22/23		23		
☐ 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)						
ECD Members	Ayes	Ayes (WR)	Nays	Excused		
1. HOLT, Daniel (C)						
		2 2 5 2 2				
2. LAMOSAO, Rachele F. (VC)						
3. HUSSEY-BURDICK, Natalia	a and a second of the second o					
TONG G		4 1 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6		S. MANAGERA		
4. KONG, Sam Satoru						
5. LA CHICA, Trish						
3. DA CINCA, TISH				20 Maria		
6. NAKAMURA, Nadine K.						
7. QUINLAN, Sean						
8. PIERICK, Elijah						
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TOTAL (8)	1 1	0	0	)		
The recommendation is: Adop  If joint re	•	did not suppo	rt recommendation			
Vice Chair's or designee's signature:  Anhh fine						
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