Honolulu, Hawaii

APR 2 6 2024

RE:

S.B. No. 1035

S.D. 2 H.D. 1

C.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2024 State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1035, S.D. 2, H.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

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

Your Committee on Conference finds that, under the existing general excise tax law, there is an incongruity in the way medical service providers are treated. Your Committee on Conference also finds that medical services rendered at a nonprofit hospital, infirmary, or sanitarium are exempt from the general excise tax, whereas the same services rendered by individual or group practices

SB1035 CD1 CCR LRB 24-1811.docx



or clinics are fully taxable. Your Committee on Conference further finds that government programs, such as Medicare, Medicaid, and TRICARE, do not compensate for the tax differential, leading some health care providers to bear additional economic costs.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date from June 30, 3000, to January 1, 2026; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1035, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1035, S.D. 2, H.D. 1, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

JENNI TAKENOUCHI Co Chair

DANIEL HOLT

Co-Chair

ACHELE LAMOSAG

Co-Chair

JOY A. SAN BUENAVENTURA

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TROY N. HASHIMOTO

JARRETT KEOHOKALOLE

Co-Chair

Co-Chair

Hawai'i State Legislature

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 1035, SD 2, HD 1					Date/Time: 4/26/24 3:12PM				
The recommendation of the House	and S	Senate	mana	gers	is to pass with amendments (CD).				
☐ The Committee is reconsidering its	s prev	ious de	ecisio	n.					
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure				The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.					
Senate Managers	A	WR	N	Е	House Managers	A	WR	N	Е
SAN BUENAVENTURA, Joy A., Chr.					TAKENOUCHI, Jenna, Co-Chr.	1			
HASHIMOTO, Troy N., Co-Chr.					HOLT, Daniel, Co-Chr.				
KEOHOKALOLE, Jarrett, Co-Chr.					LAMOSAO, Rachele F., Co-Chr.				
					GARRETT, Andrew Takuya				
					MORIKAWA, Dee				
		-			GARCIA, Diamond				
TOTAL	3	_	_	_	TOTAL	6		ı	1
A = Aye $WR = Aye$ with Reservation									
Senate Recommendation is:				House Recommendation is:					
Adopted U Not Adopted				Adopted					
Senate Lead Chair's or Designee's Signature:				House Lead Chair's or Designee's Signature:					
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