

STAND. COM. REP. NO.

1089

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 1035
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Ways and Means and Commerce and Consumer Protection, to which was referred S.B. No. 1035, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to amend the general excise tax law.

More specifically, this measure exempts from the general excise tax amounts received by a hospital, infirmary, medical clinic, health care facility, pharmacy, or a medical practitioner for health care-related goods and services purchased under Medicaid, Medicare, or TRICARE.

Your Committees received written comments in support of this measure from the Office of the Mayor of the County of Hawaii; University of Hawaii; AARP Hawaii; Abinsay Pediatrics; Ahahui o na Kauka; Community First Hawaii; East Hawaii Independent Physicians Association; Hawaii Association of Professional Nurses; Hawaii Family Caregiver Coalition; Hawaii Independent Physicians Association; Hawaii Institute for Pain; Hawaii Medical Association; Hawaii Nurses Association-OPEIU Local 50; Hawaii Physician Shortage Crisis Task Force; Hawaii Provider Shortage Crisis Task Force; Hawaii Radiological Society; Hawaii Substance Abuse Coalition; Joyful Living, LLC; Maui Chamber of Commerce; Maui Lani Physicians and Surgeons; Pacific Radiology Group; Peter



A. Matsuura, M.D.; Philippine Medical Association of Hawaii, and thirty-two individuals.

Your Committees received written comments in opposition to this measure from one individual.

Your Committees received written comments on this measure from the Department of Taxation, Grassroot Institute of Hawaii, Hawaii Dental Service, Hawaii Society of Naturopathic Physicians; and Tax Foundation of Hawaii.

Your Committees find that, under the existing general excise tax law, there is an incongruity in the way medical service providers are treated. Your Committees also find 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 or clinics are fully taxable. Your Committees further find 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 Committees have amended this measure by:

- (1) Adding a sunset date of January 1, 2026; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Ways and Means 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. 1035, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 1035, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Commerce and Consumer
Protection,



JARRETT KEOHOKALOLE, Chair

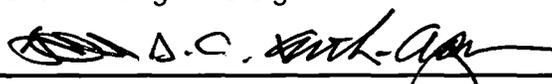


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB1035 SDI	Committee Referral: HHS, WAM / CPN	Date: 3/1/23		
<input checked="" type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: <u>PASS W/ AMENDMENTS</u>				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	12			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Thirty-Second Legislature
 State of Hawai'i

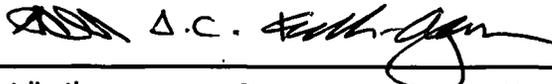
Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>SB 1035, SDI</i>	<i>HHS, WAM / CPN</i>	<i>3-01-23</i>		
<input checked="" type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: <u><i>passed with amendments</i></u>				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton	✓			
TOTAL	5	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Carol Fukunaga</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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The Senate
 Thirty-Second Legislature
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Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1035 SDI	HHS, WAM/CPN	3/1/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	12			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
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