

Honolulu, Hawaii
MAR 15, 2024

RE: S.B. No. 2959
S.D. 1
H.D. 1

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2959, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a refundable income tax credit for travel expenses to obtain medical care.

Your Committee received testimony in support of this measure from the Disability and Communications Access Board and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that many residents must travel long distances to receive medical care. Residents not living on Oahu are sometimes required to travel to Oahu to receive the appropriate and necessary medical care they need. In other instances, residents must travel to the continental United States to receive life-saving medical treatment. This measure will provide some financial relief to such residents by establishing a refundable income tax credit for travel expenses to obtain medical care.

Your Committee has amended this measure by:



- (1) Specifying that a failure of a resident taxpayer to file a claim constitutes a waiver of the right to claim the tax credit;
- (2) Specifying that no other income tax credit or deduction can be claimed for travel expenses incurred for medical care for the taxable year;
- (3) Deleting the unnecessary savings clause; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes that written testimony submitted by the Department of Taxation noted that under federal tax law, medical care excludes cosmetic procedures, unless the procedure corrects a deformity, trauma from a personal injury, or disfiguring disease, but includes certain medical procedures that may be viewed by some health insurance plans as elective. For example, laser eye surgery, when performed to correct defective vision, is considered medical care under federal law. As this measure progresses through the legislative process, your Committee notes that further clarification may be necessary to identify the types of procedures included or excluded from the term "medical care" under this measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2959, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2959, S.D. 1, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



MARK M. NAKASHIMA, Chair



