

STAND. COM. REP. NO. 330

Honolulu, Hawaii

FEB 12 2025

RE: S.B. No. 1444  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.B. No. 1444 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to, beginning January 1, 2026, authorize general excise tax exemptions for residential care services provided by certain licensed health care facilities pursuant to a contract with the Adult Mental Health Division of the Department of Health.

Your Committee received testimony in support of this measure from the Adult Mental Health Division of the Department of Health, Aloha Care Homes Corporation, and one individual.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the Adult Mental Health Division (AMHD) of the Department of Health currently contracts with Adult Residential Care Homes (ARCH) and Expanded Adult Residential Care Homes (E-ARCH) providers for residential care services for Hawaii State Hospital patients and other appropriate AMHD consumers who qualify for residential care services. However, your Committee further finds that AMHD experiences ongoing difficulties in competing with private pay clients for the same ARCH and E-ARCH

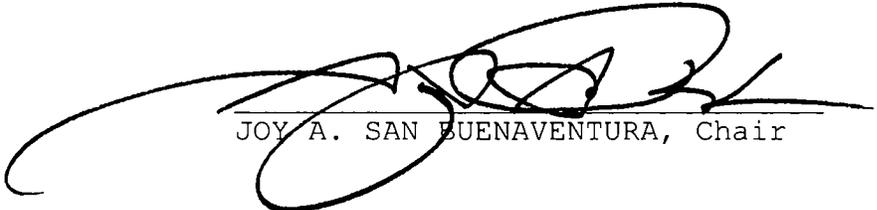


beds in the community, resulting in fewer ARCH and E-ARCH bed placements for AMHD consumers. To be competitive in the ARCH and E-ARCH housing market, this measure provides financial incentive through tax relief from the general excise tax for ARCH and E-ARCH providers to provide needed residential care housing for AMHD consumers.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1444, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1444, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Health and Human  
Services,



JOY A. SAN BUENAVENTURA, Chair



