

STAND. COM. REP. NO. 1936

Honolulu, Hawaii

A-285, 2007

RE: S.B. No. 11
S.D. 3
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 11,
S.D. 3, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EXCISE TAX ON HEALTH CARE,"

begs leave to report as follows:

The purpose of this bill is to stem the rising cost of health care by exempting physician services, hospital charges, nursing homes and facilities, and rehabilitation services from the county surcharge on excise tax.

The Department of Taxation (DOTAX), Hawaii Medical Center, and Hawaii Medical Association supported this bill. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Removing provisions authorizing an exemption for physician services, hospital charges, nursing homes and facilities, and rehabilitation services from the county surcharge on excise tax;
- (2) Inserting provisions exempting private hospitals from the general excise tax if a certain percentage or more of the annual patient population treated by the private hospital consists of uninsured, medicaid, and medicare patients and the hospital spends not less than a certain

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dollar amount for capital improvement projects at the hospital by December 31 of an unspecified year;

- (3) Requiring qualifying private hospitals to verify to DOTAX that the prior annual patient population consisted of a certain percentage or more of uninsured, medicaid, and medicare patients;
- (4) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (5) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 11, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 11, S.D. 3, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



