

STAND. COM. REP. NO. 3144

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2306
H.D. 2
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 2306, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAXATION,"

begs leave to report as follows:

The purpose of this measure is to continue to ensure the provision of high-quality, low-cost health care services to members of the uniformed services and their families in Hawaii.

Specifically, this measure clarifies that the amounts received by a managed care support contractor as a reimbursement for costs or advances made by the contractor pursuant to a contract under the federal TRICARE program are exempt from Hawaii general excise taxes.

Testimony in support of this measure was submitted by the Hawaii Medical Service Association and TriWest Healthcare Alliance Inc. Comments on this measure were submitted by the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that in order for this measure to accurately reflect the interpretation of taxes due, a retroactive effective date is necessary to ensure that contractors of the TRICARE program are not unfairly penalized.

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

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As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2306, H.D. 2, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.B. No. 2306, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair

The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

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|--|--------------------------------------|------------------|
| Bill / Resolution No.:* HB 2306 HD2 SD1 | Committee Referral: HTH, EDT, WAM | Date: 3/18/08 |
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The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

| Members | Aye | Aye (WR) | Nay | Excused |
|---------------------|----------|----------|-----|----------|
| FUKUNAGA, Carol (C) | ✓ | | | |
| ESPERO, Will (VC) | ✓ | | | |
| BAKER, Rosalyn H. | | | | ✓ |
| ENGLISH, J. Katani | ✓ | | | |
| IGE, David Y. | ✓ | | | |
| SLOM, Sam | | | | ✓ |
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| TOTAL | 4 | | | 2 |

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *Will Espero*

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*Only one measure per Record of Votes