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# A BILL FOR AN ACT

RELATING TO THE GENERAL EXCISE TAX.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature understands that health care is  
2 critically important to everyone in Hawaii, and that the general  
3 excise tax on health care has a disproportionate impact on the  
4 poor. Furthermore, health care costs are increasing faster than  
5 the inflation rate of the overall economy, and the general  
6 excise tax is one of the factors contributing to high health  
7 care costs.

8           The purpose of this Act is to exempt medical services and  
9 equipment from the general excise tax.

10          SECTION 2. Chapter 237, Hawaii Revised Statutes, is  
11 amended by adding a new section to be appropriately designated  
12 and to read as follows:

13          "§237-       Exemption for health care services and medical  
14 equipment. (a) In addition to the amounts not taxable under  
15 section 237-24, this chapter shall not apply to amounts received  
16 from the provision of health care services or medical equipment.

17          (b) For purposes of this section, "health care services"  
18 means services involved in the diagnosis, cure, mitigation,



1 treatment, or prevention of disease or the promotion of wellness  
2 of body when provided by the following:

- 3       (1) Nonprofit or for-profit hospitals;
- 4       (2) Surgical outpatient facilities;
- 5       (3) Dialysis facilities;
- 6       (4) Infirmaries;
- 7       (5) Skilled nursing facilities;
- 8       (6) Intermediate care facilities;
- 9       (7) Adult residential care homes;
- 10       (8) Adult foster homes;
- 11       (9) Adult day care facilities;
- 12       (10) Assisted living facilities;
- 13       (11) Pharmacies;
- 14       (12) Sanitariums;
- 15       (13) Surface and air ambulances; or
- 16       (14) Persons holding a valid license under chapters 442,  
17               447, 448, 451A, 452, 453, 455, 457, 457A, 457G, 458,  
18               459, 460, 461, 461J, 463E, 465, 466J, or 468E.

19       (c) As used in this section, "medical equipment" means any  
20 device, instrument, appliance, apparatus, or contrivance,  
21 electronic, mechanical, or otherwise, that is intended for use  
22 in the diagnosis, cure, mitigation, treatment, or prevention of

1 disease or the promotion of wellness of body when provided by  
2 one of the providers listed in subsection (b)."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 1, 2010.



**Report Title:**

General Excise Tax; Health Care Service; Medical Equipment

**Description:**

Exempts medical services and equipment from the general excise tax. (SD1)

