

Honolulu, Hawaii

FEB 09 2007

RE: S.B. No. 258
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 258 entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM CARE,"

begs leave to report as follows:

The purpose of this measure is to establish a long-term care income tax to pay for long-term care benefits and a long-term care income tax credit for long-term care insurance premiums.

The Policy Advisory Board for Elder Affairs, Kokua Council, and International Longshore and Warehouse Union Local 142 submitted testimony in favor of this measure. The Department of Taxation and the Association of Insurance and Financial Advisors submitted testimony in opposition. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that this measure proposes a gradually increasing flat tax to be paid by all taxpayers that will provide a gradually increasing benefit for caregivers. The benefit will provide caregivers with a modest income to enable them to care for a qualifying individual in the home. The measure also provides a tax credit to encourage individuals to purchase a supplemental private long-term care insurance plan.

It is the Committee's intent to support caregivers and encourage the provision of long-term care coverage for Hawaii residents.



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

Your Committee notes the Department of Taxation's fiscal impact for the tax credit for the purchase of long-term care insurance is \$1.9 million to \$5.5 million for tax years 2010 to 2017. No methodology for determining the revenue loss was furnished.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 258, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 258, S.D. 1, and be referred to the Committee on Economic Development and Taxation.


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

Suzanne Chun Oakland
SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services and Public Housing
HSP

Bill / Resolution No.:* SB 258	Committee Referral: HSP, EDT, WAM	Date: 2-6-07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred			✓	
TOTAL	2	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes