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# A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

1           SECTION 1. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4                                   **"CHAPTER**

5   **HEALTH ENTERPRISE ZONES**

6                   §     -1   **Definitions.** As used in this chapter:

7                   "Department" means the department of health.

8                   "Director" means the director of health.

9                   "Health enterprise zone" means an area designated by the  
10 director as underserved by primary health care providers.

11                  "Loan program" means the health enterprise zone loan  
12 program.

13                  "Primary health care provider" means a:

14                  (1) Physician licensed under chapter 453 or an advanced  
15 practice registered nurse licensed under chapter 457  
16 providing medical primary care; or

17                  (2) Dentist licensed under chapter 448 providing dental  
18 primary care,



1 as determined by the director.

2 "Qualified practice" means a practice at which fifty per  
3 cent or more of the total amount received for services at that  
4 practice for the taxable year are qualified receipts and fifty  
5 per cent or more of the patients whose services are compensated  
6 by qualified receipts reside in a health enterprise zone.

7 "Qualified primary health care provider" means a primary  
8 health care provider with a practice located in a health  
9 enterprise zone or a qualified practice that is located within  
10 five miles of a health enterprise zone.

11 "Qualified receipts" means amounts received for services  
12 from the Medicaid program.

13 § -2 **Powers, and duties of the director.** The director  
14 shall:

- 15 (1) Establish criteria for determining what areas qualify  
16 as health enterprise zones;
- 17 (2) Administer this chapter in such a manner that each  
18 area to be designated as a health enterprise zone will  
19 most benefit the area and the state;
- 20 (3) Conduct a continuing evaluation of health enterprise  
21 zones;



- 1 (4) Prescribe the qualifications for eligibility of  
2 applicants for loans under the loan program;
- 3 (5) Establish preferences and priorities in determining  
4 eligibility for loans under the loan program;
- 5 (6) Establish the conditions, consistent with the purposes  
6 of this chapter, for the granting or for the  
7 continuance of a grant of a loan under the loan  
8 program;
- 9 (7) Provide for inspection, at reasonable hours, of the  
10 facilities, books, and records of a health care  
11 provider which has applied for or has been granted a  
12 loan;
- 13 (8) Monitor the implementation and operation of this  
14 chapter;
- 15 (9) Submit annual reports evaluating the effectiveness of  
16 the health enterprise zones law, and any  
17 recommendations and draft legislation to the governor  
18 and the legislature;
- 19 (10) Adopt, administer, and enforce rules to implement this  
20 chapter; and
- 21 (11) Perform all other functions necessary to effectuate  
22 the purposes of this chapter.



1           §     **-3 Health enterprise zone loan program.** (a) There  
2 is created a health enterprise zone loan program which shall be  
3 administered by the director.

4           (b) In consultation with the director of health, the  
5 director of the department of business, economic development,  
6 and tourism shall establish and administer a program to make low  
7 interest loans available to primary care providers to:

8           (1) Construct and renovate medical and dental offices or  
9 health clinics located in a health enterprise zone or  
10 within five miles of a health enterprise zone; and

11           (2) Purchase medical equipment for use by primary care  
12 providers at practices located in health enterprise  
13 zones or at qualified practices that are located  
14 within five miles of a health enterprise zone.

15           §     **-4 Primary health care provider tax deduction.**

16 Qualified primary health care providers shall receive a  
17 deduction from gross income in a taxable year equal to that  
18 portion of the taxpayer's net income deriving from the  
19 taxpayer's practice for the taxable year that the qualified  
20 receipts of that practice for the taxable year bear to the total  
21 amount received for services at that practice for the taxable  
22 year, as provided in section 235- .



1           §     -5   **Government assistance; prohibition.**   Tax  
2 incentives under this chapter shall not duplicate existing state  
3 tax incentives for qualified primary health care providers.

4           §     -6   **Health enterprise zone loan program revolving**  
5 **fund.** There is established the health enterprise zone loan  
6 program revolving fund into which shall be deposited:

- 7           (1) Legislative appropriations;
- 8           (2) Interest earned on any moneys in or investments of  
9                moneys from the fund;
- 10          (3) All moneys received as repayment of loans and interest  
11             payments under the loan program; and
- 12          (4) All other moneys distributed or transferred to the  
13             fund from any source.

14 The department may make loans from the fund in accordance with  
15 this chapter, and use a portion of the moneys contained in the  
16 fund to administer the loan program.

17           §     -7   **Rules.** Rules implementing this chapter shall be  
18 adopted by the department pursuant to chapter 91, and where  
19 appropriate, in consultation with the department of taxation."

20           SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
21 amended by adding a new section to be appropriately designated  
22 and to read as follows:



1       "§235- Health enterprise zone receipts excluded from  
2 adjusted gross income, and taxable income. (a) In addition to  
3 the exclusions in section 235-7, there shall be excluded from  
4 gross income, adjusted gross income, and taxable income,  
5 qualified receipts derived from a qualified primary health care  
6 provider's qualified practice for the taxable year.

7       (b) As used in this section:

8       "Health enterprise zone" means an area designated by the  
9 director of health as an area that is underserved by primary  
10 health care providers.

11       "Primary health care provider" means:

12       (1) A physician licensed under chapter 453;

13       (2) An advanced practice registered nurse licensed under  
14 chapter 457 providing medical primary care; or

15       (3) A dentist licensed under chapter 448 providing dental  
16 primary care.

17       "Qualified practice" means a practice at which fifty per  
18 cent or more of the total amount received for services at that  
19 practice for the taxable year are qualified receipts and fifty  
20 per cent or more of the patients whose services are compensated  
21 by qualified receipts reside in a health enterprise zone.



1       "Qualified primary health care provider" means a primary  
2 health care provider with a qualified practice located in a  
3 health enterprise zone or within five miles of a health  
4 enterprise zone.

5       "Qualified receipts" means amounts received for services  
6 from the Medicaid program."

7       SECTION 3. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$1,000,000 or so much  
9 thereof as may be necessary for fiscal year 2008-2009 to be  
10 deposited into the health enterprise zone loan program revolving  
11 fund.

12       SECTION 4. There is appropriated out of the health  
13 enterprise zone loan program revolving fund the sum of  
14 \$1,000,000 or so much thereof as may be necessary for fiscal  
15 year 2008-2009 to provide low-interest loans to construct and  
16 renovate medical and dental offices and health clinics and  
17 purchase medical equipment used by primary health care providers  
18 serving residents of health enterprise zones within the state,  
19 and administer the health enterprise zone loan program.

20       The sum appropriated shall be expended by the department of  
21 health for the purposes of this Act.



1 SECTION 5. New statutory material is underscored.

2 SECTION 6. This Act shall take effect on July 1, 2008.

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INTRODUCED BY:

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**Report Title:**

Health Care Access; Health Enterprise Zones

**Description:**

Establishes Health Enterprise Zones in the state to provide incentives for health care providers to serve in health professional shortage areas of the state.

