
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, unless the
7 context otherwise requires:

8 "Department" means the department of health.

9 "Director" means the director of health.

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

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

14 "Primary health care provider" means a:

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



1 (2) Dentist licensed under chapter 448 providing dental
2 primary care,
3 as determined by the director.

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

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

13 "Qualified receipts" means amounts received for services
14 from the Medicaid program.

15 § -2 Powers and duties of the director. The director
16 shall:

17 (1) Establish criteria for determining what areas qualify
18 as health enterprise zones;

19 (2) Administer this chapter in such a manner that each
20 area to be designated as a health enterprise zone will
21 most benefit the area and the state;



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



1 (11) Perform all other functions necessary to effectuate
2 the purposes of this chapter.

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

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

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

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

17 § -4 Primary health care provider tax deduction.

18 Qualified primary health care providers shall receive a
19 deduction from gross income in a taxable year equal to that
20 portion of the taxpayer's net income deriving from the
21 taxpayer's practice for the taxable year that the qualified
22 receipts of that practice for the taxable year bear to the total



1 amount received for services at that practice for the taxable
2 year, as provided in section 235- .

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

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

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

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

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



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

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

10 (b) As used in this section:

11 "Health enterprise zone" means an area designated by the
12 director of health as an area that is underserved by primary
13 health care providers.

14 "Primary health care provider" means:

- 15 (1) A physician licensed under chapter 453;
16 (2) An advanced practice registered nurse licensed under
17 chapter 457 providing medical primary care; or
18 (3) A dentist licensed under chapter 448 providing dental
19 primary care.

20 "Qualified practice" means a practice at which fifty per
21 cent or more of the total amount received for services at that
22 practice for the taxable year are qualified receipts and fifty



1 per cent or more of the patients whose services are compensated
2 by qualified receipts reside in a health enterprise zone.

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

7 "Qualified receipts" means amounts received for services
8 from the Medicaid program."

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

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



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

3 SECTION 5. New statutory material is underscored.

4 SECTION 6. This Act shall take effect on January 1, 2050.



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. (HB1996 HD1)

