
A BILL FOR AN ACT

RELATING TO HEALTH.

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

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PART I

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SECTION 1. Chapter 235, Hawaii Revised Statutes, is

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amended by adding a new section to be appropriately designated

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and to read as follows:

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"§235- Organ donation tax credit. (a) There shall be

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allowed to each individual taxpayer who is not claimed, or is

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not otherwise eligible to be claimed, as a dependent by another

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taxpayer for federal or state income tax purposes a refundable

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organ donation tax credit that shall be deductible from the

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eligible taxpayer's net income tax liability imposed by this

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chapter for the taxable year in which the tax credit is properly

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claimed.

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(b) To qualify for the tax credit, the taxpayer shall be a

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subject to an income tax liability under this chapter with an

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adjustable gross income of less than \$50,000, or less than

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\$100,000 in the case of a joint return, who has donated one or

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more of the taxpayer's human organs, not in contemplation of

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death, for the purpose of an organ transplant during the taxable



1 year; provided that this section shall not apply to organs sold
2 for monetary or other consideration.

3 (c) A taxpayer may claim the tax credit only once per
4 lifetime for the following unreimbursed related expenses
5 incurred by the taxpayer:

6 (1) Travel expenses;

7 (2) Lodging expenses; and

8 (3) A lost wages stipend of one hundred dollars or less
9 per day; provided that the lost wages are actual and
10 not reimbursable or due to leave without pay.

11 For purposes of determining the credit amount, a cost is
12 considered reimbursed, and therefore disqualified from the
13 credit determination, to the extent the same cost was or will be
14 paid with insurance proceeds.

15 (d) The tax credit shall not exceed:

16 (1) \$ _____ in the taxable year the taxpayer claims
17 the credit; and

18 (2) \$ _____ for all taxpayers in any single tax year.

19 (e) If the tax credit under this section exceeds the
20 taxpayer's net income tax liability, the amount of the excess
21 tax credit shall be paid to the eligible taxpayer; provided that



1 no refund or payment on account of the tax credit allowed by
2 this section shall be made for amounts less than \$1.

3 (f) Every claim, including amended claims, for the tax
4 credit under this section shall be filed on or before the end of
5 the twelfth month following the close of the taxable year for
6 which the tax credit may be claimed. Failure to meet the filing
7 requirements of this subsection shall constitute a waiver of the
8 right to claim the tax credit.

9 (g) The director of taxation:

10 (1) Shall prepare forms as may be necessary to claim a tax
11 credit under this section;

12 (2) May require proof of the claim for the tax credit;

13 (3) Shall make the allocation of tax credits under this
14 section to qualified taxpayers on a first-to-file,
15 first-served basis; and

16 (4) May adopt rules pursuant to chapter 91 to effectuate
17 the purposes of this section.

18 (h) If a taxpayer claims any other tax credit or deduction
19 under title 14, including a deduction under sections 162 or 213
20 of the Internal Revenue Code, to which Hawaii law conforms, for
21 any expenses incurred relating to the organ donation, no tax
22 credit shall be claimed under this section for the same costs.



1 (i) For the purposes of this section:

2 "Human organ" or "organ" means all or part of a human
3 liver, pancreas, kidney, intestine, or lung and also includes
4 bone marrow."

5 **PART II**

6 SECTION 2. The legislature finds that there are existing
7 grant program initiatives established by medical associations or
8 health insurers in Hawaii to assist independent physicians in
9 acquiring electronic medical records systems. The goal of the
10 grant program initiatives are to provide independent physicians
11 in Hawaii with electronic medical records systems that can be
12 utilized by physicians or specialists to provide an enhanced
13 level of care and service to patients throughout Hawaii.
14 Typically, the grant program sponsors are willing to pay a
15 portion of the product costs incurred by the independent
16 physicians. Widespread use of electronic medical records
17 systems by physicians in Hawaii would be especially helpful to
18 patients during times of natural disasters or other emergencies.

19 The purpose of this part is to accelerate the rate at which
20 Hawaii physicians are able to transition into use of electronic
21 medical records systems, and thereby provide a higher quality of
22 patient services while reducing the costs of health care.



1 Through improved documentation, greater ease in sharing patient
2 information with other physicians or specialists, and reduced
3 storage requirements for patient records, physicians will be
4 able to focus on enhanced treatment alternatives for their
5 patients. Patients can benefit through improved efficiency in
6 the sharing of their medical information in emergency situations
7 and over the long-term by a reduction in the rising costs for
8 healthcare.

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

12 "§235- Electronic health records tax credit. (a) There
13 shall be allowed to each eligible taxpayer a refundable tax
14 credit that shall be deductible from the eligible taxpayer's net
15 income tax liability imposed by this chapter for the taxable
16 year in which the tax credit is properly claimed.

17 (b) To qualify for the tax credit, the taxpayer shall be a
18 licensed physician of the State that has incurred expenses
19 directly related to the establishment and implementation of
20 electronic medical records systems during the taxable year and
21 where each of the following apply to the taxpayer:



1 (1) The taxpayer is currently using a CCHIT-compliant
2 software program, as defined in subsection (h);

3 (2) The installation and technical support of the software
4 program are supplied by providers with at least
5 years of experience in implementing electronic medical
6 records systems; and

7 (3) The taxpayer is eligible for, or participating in, a
8 Hawaii health insurer's grant program or comparable
9 health insurer's grant program for transition to
10 electronic medical records systems.

11 (c) The tax credit shall not exceed:

12 (1) \$ _____ in the taxable year the taxpayer claims
13 the credit; and

14 (2) \$ _____ for all taxpayers in any single tax year.

15 (d) If the tax credit under this section exceeds the
16 taxpayer's net income tax liability, the amount of the excess
17 tax credit shall be paid to the eligible taxpayer; provided that
18 no refund or payment on account of the tax credit allowed by
19 this section shall be made for amounts less than \$1.

20 (e) Every claim, including amended claims, for the tax
21 credit under this section shall be filed on or before the end of
22 the twelfth month following the close of the taxable year for



1 which the tax credit may be claimed. Failure to meet the filing
2 requirements of this subsection shall constitute a waiver of the
3 right to claim the tax credit.

4 (f) The director of taxation:

5 (1) Shall prepare forms as may be necessary to claim a tax
6 credit under this section;

7 (2) May require proof of the claim for the tax credit;

8 (3) Shall make the allocation of tax credits under this
9 section to qualified taxpayers on a first-to-file,
10 first-served basis; and

11 (4) May adopt rules pursuant to chapter 91 to effectuate
12 the purposes of this section.

13 (g) If a taxpayer claims any other tax credit or deduction
14 under title 14, including a deduction under sections 162 or 213
15 of the Internal Revenue Code, to which Hawaii law conforms, for
16 any expenses incurred relating to the establishment or
17 implementation of electronic medical records systems, no tax
18 credit shall be claimed under this section for the same costs.

19 (h) For the purposes of this section:

20 "CCHIT-compliant" means electronic medical records systems
21 that have been independently certified by the certification
22 commission for healthcare information technology established by



1 the American Health Information Management Association,
2 Healthcare Information and Management Systems Society, and The
3 National Alliance for Health Information Technology, and
4 administered by the certification commission for healthcare
5 information technology (CCHIT) for ambulatory care.

6 "Health insurer's grant program" means a funding program
7 established or sponsored by a medical association or health
8 insurer to provide funds to independent physicians for the
9 product costs of electronic medical records systems."

10 SECTION 4. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2020;
12 provided that the organ donation credit established in part I of
13 this Act shall apply to taxable years beginning after December
14 31, 2007, and ending before January 1, 2013; provided further
15 that the electronic health records tax credit established in
16 part II of this Act shall apply to taxable years beginning after
17 December 31, 2008, and ending before January 1, 2012; and
18 provided further that this Act shall be repealed on June 30,
19 2014.



Report Title:

Tax Credits; Organ Donation; Electronic Health Records

Description:

Provides a one-time tax credit for expenses related to an organ transplant and donation and also for expenses incurred by independent physicians pursuant to a health insurer's grant program established or sponsored by a medical association or health insurer to establish and implement electronic medical records systems for the independent physicians. (SD2)

