

Honolulu, Hawaii

FEB 29, 2008

RE: H.B. No. 2759
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2759, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX,"

begs leave to report as follows:

The purpose of this bill is to ensure the strength of Hawaii's health care safety net by providing that the general excise tax (GET) does not apply to nonprofit and for-profit hospitals that provide services to an annual patient population consisting of 60 percent or more uninsured, Medicaid and Medicare patients.

The Representative from the 42nd District and Hawaii Medical Center supported this bill. The Department of Taxation and Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

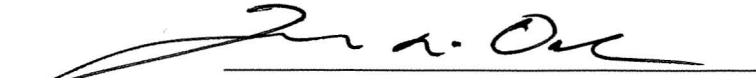
- (1) Providing a GET exemption for gross income received from Medicaid or Medicare by a for-profit hospital group that provides services to an annual patient population consisting of 60 percent or more uninsured, medicaid, and medicare patients;
- (2) Ensuring that the GET exemption provided under this bill will only last six years by inserting a sunset date of June 1, 2014;



- (3) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2759, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2759, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



