

STAND. COM. REP. NO.

3149

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2137  
H.D. 2  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 2137, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to offset the financial burden that organ donors may encounter by providing a one-time tax credit of an unspecified amount to help cover expenses related for an organ transplant and donation.

Testimony in support of this measure was submitted by the Hawai'i Coalition on Donation, Organ Donor Center of Hawaii, and TeamPraxis. Comments on this measure were submitted by the Department of Taxation, Department of the Attorney General, and Tax Foundation of Hawaii.

Your Committee finds that this measure will help to alleviate the financial burden on some taxpayers who have a desire to donate their organs, but are unable to do so due to financial constraints. Your Committee also finds that funding initiatives by certain medical associations or health insurers to establish and implement electronic medical records systems for independent physicians throughout Hawaii to use and share patient information with other physicians or specialists would enable patients to receive better healthcare services without increased costs to the patients.



Your Committee received a fiscal impact statement from the Department of Taxation that projects an annual revenue loss to the State of approximately \$15,000, beginning in fiscal year 2009 assuming this measure includes a cap of \$1,000 per taxpayer and is effective for taxable years beginning after December 31, 2007. Their methodology is as follows:

Taking into consideration the adjusted gross income limitation in this measure, there would be on average only fifteen taxpayers in Hawaii that would qualify for the credit each year. With a maximum credit of \$1,000 per taxpayer, the annual loss of revenue to the State would be approximately \$15,000.

Your Committee has amended this measure by:

- (1) Removing the residency requirement to claim the organ donor tax credit and inserting therefor, a requirement that the claimant be subject to income tax liability under chapter 235, Hawaii Revised Statutes;
- (2) Deleting the definition of "full-time resident of the State";
- (3) Adding a tax credit for the establishment and implementation of electronic medical records systems for qualified physicians that are incurred pursuant to a health insurer's grant program; and
- (4) Making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2137, H.D. 2, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means, in the form attached hereto as H.B. No. 2137, H.D. 2, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,

  
\_\_\_\_\_  
CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:* HB 2137 HD2 SD1	Committee Referral: HTH, EDT, WAM	Date: 3/18/08
--	--------------------------------------	------------------

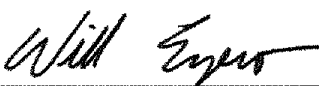
The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.				✓
ENGLISH, J. Kalani	✓			
IGE, David Y.	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>4</b>			<b>2</b>

Recommendation:  Adopted     Not Adopted

Chair's or Designee's Signature:  


**Distribution:**    Original    Yellow    Pink    Goldenrod  
 File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy

\*Only one measure per Record of Votes