

Honolulu, Hawaii

APR 04 2008

RE: H.B. No. 2519
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 Ways and Means, to which was referred H.B. No. 2519, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH CARE,"

begs leave to report as follows:

The purpose of this measure is to create a Hawaii Health Corps Task Force to study the feasibility of loan repayment and stipend programs and tax incentives for physicians and dentists who work in health professional shortage areas and as first responders during civil defense emergencies.

Your Committee has circulated a proposed S.D. 2 draft that requires the Legislative Reference Bureau, instead of the Hawaii Health Corps Task Force, to research the actions, programs, or approaches other jurisdictions have taken to address physician and dentist shortages, including student loan repayment and stipend programs, and to report its findings and recommendations to the Legislature prior to the convening of the regular session of 2009.

The proposed S.D. 2 draft also creates a pilot project to grant various tax and other benefits for seven years similar to those provided within enterprise zones under the Department of Business, Economic Development, and Tourism, to physicians and dentists who agree to work for seven consecutive years within certain areas of the State that are medically underserved or where a health professional shortage exists.



Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation, University of Hawaii, Mayor of Hawaii County, and Consumer Lawyers of Hawaii. The Department of Taxation offered comments.

Upon further consideration, your Committee has amended this measure by deleting its contents and replacing it with the proposed S.D. 2 draft. Your Committee has made additional changes to the proposed S.D. 2 draft by:

- (1) Placing the pilot project within the enterprise zone program of the Department of Business, Economic Development, and Tourism and requiring the Department of Health to work cooperatively with the Department of Business, Economic Development, and Tourism to implement the project;
- (2) Clarifying the definitions of "health professional shortage area" and "medically underserved area";
- (3) Streamlining the subjects of rules to be adopted by the Department of Business, Economic Development, and Tourism;
- (4) Clarifying that prospective physicians and dentists seeking the seven-year cycle of tax and other benefits by working within a medical practice shortage zone as a qualified medical practice may enter into agreements with the Department of Business, Economic Development, and Tourism only within the five years immediately after the effective date of the Act, or by June 30, 2013, and that the seven-year cycle of tax and other benefits may not be granted beyond June 30, 2020, when the Act is repealed;
- (4) Changing the repeal date to June 30, 2020; and
- (5) Making various technical nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2519, H.D. 2, S.D. 1, as amended herein, and recommends that



it pass Third Reading in the form attached hereto as H.B.
No. 2519, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



