

STAND. COM. REP. NO.

129

Honolulu, Hawaii

FEB 09 2007

RE: S.B. No. 901
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 901 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish exemptions from the income tax and general excise tax for certified adult foster homes.

The Hawaii Coalition of Care Home Administrators and two hundred and thirty-five individuals submitted testimony in support of this measure. The Hawaii Centers for Independent Living submitted testimony in opposition. The Department of Taxation and the Department of Health submitted comments.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, if passed, would result in a revenue loss to the State of approximately \$11,200,000 per year. However, the fiscal impact statement submitted did not specify the methodology by which the fiscal impact was calculated.

Your Committee finds that certified adult foster homes play an important role in the care of developmentally disabled and mentally retarded individuals, and enable developmentally disabled and mentally retarded individuals to stay in the community. Certified adult foster homes provide low-cost health care and other services that alleviate the expense to the State and the federal government of more costly care alternatives. However,

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reimbursement for the services that certified adult foster homes provide is low and as a result, certified adult foster homes experience operational and financial hardship. As the voluminous testimony reveals, community care foster family homes are in the same situation.

It is the Committee's intent to exempt certified adult foster homes and community care foster family homes from the income tax and general excise tax. Upon further consideration, your Committee has amended this measure by:

- (1) Exempting community care foster family homes from the income tax and general excise tax, as well; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 901, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 901, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Respectfully submitted on
behalf of the members of the
Committee on Human Services and
Public Housing,


SUZANNE CHUN OAKLAND, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Human Services and Public Housing
HSP

Bill / Resolution No.:* SB 901	Committee Referral: HSP, EDT, WAM	Date: 2-6-07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
TOTAL	3	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Fred Hemmings Jr.</i>				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes