

HB2758

HD2

Measure Title:
RELATING TO HEALTH.

Report Title:
General Excise Tax; Hospital Group; Uninsured, Medicare and Medicaid Patients

Description:
Requires Department of Taxation (DOTAX) to defer general excise tax collection for a for-profit hospital group that provides services to an annual patient population consisting of 60 percent or more uninsured, Medicaid and Medicare patients for hospital operations between July 1, 2008, and an unspecified date. Also requires DOTAX to collect the deferred taxes plus interest after the unspecified date. Provides for immediate payment of deferred taxes, interest, and penalty upon occurrence of certain events. Effective 07-01-2020. (HB2758 HD2)

Introducer(s):
CABANILLA, GREEN, KARAMATSU, MIZUNO, SONSON, Brower, Caldwell,
Magaoay

Current Referral:
HTH/HSP, EDT, WAM

Faith Action for



Community Equity

Gamaliel Foundation Affiliate

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The Rev. Alan Mark
Interim Statewide President

Mr. Drew Astoff
Executive Director

March 10, 2008

COMMITTEE ON HEALTH
David Ige, Chair

COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING
Suzanne Chun Oakland, Chair

TESTIMONY RELATING TO HEALTH
HB 2758 HD2

TESTIFIER: Rev. Bob Nakata, President, FACE
Clementina D. Ceria-Ulep, PhD, RN,
Chair, Healthcare Committee, FACE

DATE: Monday, March 10, 2008
TIME: 2:45 p.m.
ROOM: 016

Chair David Ige, Chair Chun-Oakland and members of the Committees on Health and Human Services and public Housing:

We are Rev. Bob Nakata President of FACE and Clem Ceria-Ulep, the Chair of the FACE Healthcare Committee and we are in support of legislative intervention in the financial crisis of our hospitals.

F.A.C.E., as a faith-based community grassroots organization, believes that all the citizens of the State of Hawaii should have access to quality education, affordable homes, and **quality healthcare**. On February 16, 2008, we held our first healthcare summit to address the crisis in the access and delivery of healthcare to Hawaii's people regardless of their socio-economic status. We are hearing from our members that this crisis is having a profound effect on their families, employers and employees. However, as an organization it became apparent that our membership must first understand the history of healthcare in Hawaii, the root causes of our current crisis and the financial implications.

This bill requires the department of taxation defer general excise tax collection for the Hawaii Medical Center's operations. It also requires the department to collect the deferred taxes plus interest after an unspecified date. Measures such as this bill are necessary to create a healthcare safety net for our uninsured, Medicaid, and Medicare patients.

The survival of Hawaii Medical Center is critical. We understand that Hawaii Medical Center services 8,000 in-patients for over 75,000 patient days annually plus the thousands of outpatients that are served annually. We understand that 70% of HMC's patients are Medicare/Medicaid and uninsured.

While we at FACE are not tax experts, we are experts in knowing our community needs and values. The Hawaii Medical Center's continued existence as an important medical asset in the State of Hawaii is vital to our most vulnerable populations that will continue to need to have access to healthcare. This measure offers a bold concept, especially when dealing with one of Hawaii's source of tax revenue, the Gross Excise Tax. However, if we are going to address the healthcare crisis, we must take bold steps and have bold public discussions of alternatives and ways to help our financially distressed hospitals and our policy makers must be prepared to make bold policy decisions because Hawaii's citizens deserve access to quality healthcare.

Testimony of
Daniel P. de Gracia, II
Concerned Citizen

Before the
Senate Joint Committees on Health and Human Services and Public Housing
Chair, Senator David Y. Ige
Chair, Senator Suzanne Chun Oakland

Regarding the measure
HB2758 HD2 Relating to Health (HSCR786-08)
Monday, March 10, 2008
Conference Room 016, 2:45 pm

Single copy transmitted electronically to testimony@capitol.hawaii.gov

Chair Ige, Chair Chun Oakland, Honorable Members, aloha kakou.

The purpose of this measure is to defer GET collection for a for-profit hospital that provides services to an annual patient population consisting of 60 percent or more uninsured, Medicaid and Medicare patients for hospital operations between July 1, 2008, and an unspecified date, requiring the Department of Taxation to collect the deferred taxes plus interest after the unspecified date.

I am in strong support of this measure as the Hawaii Medical Center West has in recent years taken on the Good Samaritan role of serving the traditionally underserved populations of Central and West Oahu. This measure is vitally important to the continued operations of HMC West and the success and well being of the populations that it serves. I agree with the official testimony of Dr. Livingston Wong submitted in the House Committee on Health which noted, "Given the important role HMC plays in the delivery of medical care to our community, it is proper for the Legislature to approve a public investment in HMC's future. The return on such an investment will benefit the entire state."

I urge the members of the HTH and HSP committees to recognize that this bill is an important step forward for our community. Please pass this measure.

Thank you for the opportunity to testify.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
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**SENATE COMMITTEES ON HEALTH AND
HUMAN SERVICES & PUBLIC HOUSING**

**TESTIMONY REGARDING HB 2758 HD 2
RELATING TO HEALTH**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: MARCH 10, 2008

TIME: 2:45PM

ROOM: 016

*****WRITTEN TESTIMONY ONLY*****

The Department is precluded by law from commenting on any matter relating to specific taxpayer returns or return information. Though this bill was amended to apply to private hospitals generally, the Department will not participate in consideration of this measure whatsoever, given the bill's prior history.

The Department mentions that legislation such as this, in general, sets a dangerous precedent that the Legislature must weigh heavily.

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March 9, 2008

Honorable Senator David Y. Ige, Chair
Honorable Senator Carol Fukunaga, Vice Chair
Members of the Senate Committee on Health
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

RE: IN SUPPORT OF HB 2758, HD2
RELATING TO HEALTH
Hearing: Monday, March 10, 2008, 2:45 p.m.

Dear Chair , Vice Chair and the Senate Committee on Health:

For the Record my name is Buzz Hong the Executive Director for the Hawaii Building & Construction Trades Council, AFL-CIO. Our Council is comprised of 16-construction unions and a membership of 26,000 statewide.

The Council SUPPORTS the passage of HB 2758, HD2, which requires the Department of Taxation (DOTAX) to defer general excise tax collection for a for-profit hospital group that provides services to an annual patient population consisting of sixty percent or more uninsured, Medicaid and Medicare patients for hospital operations between July 1, 2008, and an unspecified date. HB 2758 also requires DOTAX to collect the deferred taxes plus interest after the unspecified date and provides for immediate payment of deferred taxes, interest, and penalty upon occurrence of certain events.

Thank you for the opportunity to submit this testimony in support of HB2758, HD2.

Sincerely,

William "Buzz" Hong

WBH/dg