



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
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Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON HEALTH

Wednesday, February 6, 2008
10:30 A.M.
State Capitol, Conference Room 329

in consideration of
HB 2914
RELATING TO SKILLED NURSING FACILITIES

Chair Green, Vice-Chair Mizuno, and Committee members:

The department supports the concept of HB 2914, which adds skilled nursing facilities to the definition of “medical and health care services,” and treats each new skilled nursing facility or facility expanding its operations outside an enterprise zone as operating within an enterprise zone for purposes of eligibility to receive all benefits provided in enterprise zones. There have been many good ideas introduced this legislative session that support the State’s economic development goals. We note, however, that this appropriation was not included in the Executive’s Supplemental Budget, and request that this appropriation not displace the priorities contained in that budget.

Established in 1986, the Enterprise Zones (EZ) Partnership Program is one of the State’s few funded programs that assist for-profit businesses. The State provides tax incentives such as GET exemptions, State unemployment insurance credit, and income

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tax credit. The Counties may also provide additional benefits such as building permit priority processing, building permit fee waiver, grading permit fee waiver, and property tax rebates.

At the forefront of the EZ Program is the concept that the health, safety, and welfare of the people of Hawaii are dependent upon the continual encouragement, development, growth, and expansion of the private sector, and that there are certain areas in the State that need the particular attention of government to help attract private sector investment. The EZ Partnership Program helps to stimulate business and industrial growth in areas that would result in neighborhood revitalization of those areas by means of regulatory flexibility and tax incentives.

DBEDT does, however, have concerns regarding HB 2914's allowing any "skilled nursing facility" located outside designated enterprise zones eligibility. State enterprise zones are already deemed, through census data, areas needing revitalization and/or business stimulation. We recommend that language of HB 2914 be amended to include "skilled nursing facilities" located inside designated State Enterprise Zones. In this way, those areas needing those kinds of medical and health care services provided by skilled nursing facilities would be more attractive to private enterprise investment.

DBEDT defers to the Department of Health for determination on the necessity to include skilled nursing facilities within EZs..

DBEDT also defers comment to the Department of Taxation on any tax implications of allowing the eligibility of skilled nursing facilities under the definition of "medical and health care services."

Thank you for the opportunity to offer these comments.

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