
A BILL FOR AN ACT

RELATING TO HEALTH CARE ENTERPRISE ZONES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 209E, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . HEALTH CARE ENTERPRISE ZONES

5 §209E-A Definitions. As used in this part, unless the
6 context otherwise requires:

7 "Department" means the department of health.

8 "Director" means the director of health.

9 "Health care enterprise zone" means an area that is
10 designated by the director of health, with concurrence from any
11 affected counties, and is a state designated medically
12 underserved area.

13 "Primary care" means the practice of family medicine,
14 general internal medicine, general pediatrics, general
15 obstetrics, gynecology, and any other areas of medicine that the
16 director of health may define as primary care. Primary care
17 also includes the practice of general dentistry and pedodontics,



1 long-term care, and the professions of nurse practitioner,
2 certified nurse midwife, and physician assistant.

3 "Qualified practice" means a health care practice at which
4 fifty per cent or more of the total amount received for services
5 at that practice for the taxable year are qualified receipts and
6 fifty per cent or more of the patients whose services are
7 compensated by qualified receipts reside in a designated health
8 care enterprise zone.

9 "Qualified receipts" means amounts received for services
10 from the medicaid program, including amounts received from
11 managed care organizations under contract with the medicaid
12 program, for providing health care services to eligible program
13 recipients.

14 **§209E-B Health care enterprise zones; established.** The
15 director of health may designate, with the concurrence of the
16 affected county or counties, geographically describable areas
17 within the State that the director determines to be a medically
18 underserved area as a health care enterprise zone; provided that
19 any county with a resident population of less than 500,000 shall
20 automatically be deemed a health care enterprise zone.

21 **§209E-C Tax deduction for qualified receipts.** A taxpayer
22 who is providing primary care as defined in this part at:



1 (1) A practice that is located in a health care enterprise
2 zone as defined in this part; or

3 (2) A qualified practice that is located within five miles
4 of a health care enterprise zone as defined in this
5 part;

6 shall be allowed to deduct from the taxpayer's gross income in a
7 taxable year an amount equal to that proportion of the
8 taxpayer's net income deriving from that practice for the
9 taxable year that the qualified receipts of that practice for
10 the taxable year bear to the total amount received for services
11 at that practice for the taxable year.

12 **§209E-D Low-interest loans for medical offices in health**
13 **care enterprise zones.** (a) In consultation with the director
14 of health, the director of business, economic development, and
15 tourism shall establish and administer a program that makes low-
16 interest loans for the purposes of constructing, renovating, or
17 purchasing:

18 (1) Medical offices in health care enterprise zones;

19 (2) Offices of a qualified practice that is located within
20 five miles of a health care enterprise zone; and

21 (3) Medical equipment for use by primary care providers at
22 practices located in health care enterprise zones or



1 at qualified practices that are located within five
2 miles of a health care enterprise zone.

3 (b) The director of business, economic development, and
4 tourism shall adopt rules in accordance with chapter 91,
5 necessary to effectuate the purposes of this section.

6 **§209E-E State general excise tax exemptions.** The
7 department of business, economic development, and tourism, in
8 coordination with the department of health, shall certify
9 annually to the department of taxation that any primary care
10 practice, as defined in this part, that is located in a health
11 care enterprise zone is exempt from the payment of general
12 excise taxes on the gross proceeds from any business activity
13 that is directly related to that primary care practice. The
14 exemption shall extend for a period not to exceed seven years.

15 **§209E-F Property tax exemption; tenant rebate.** (a) A
16 county that has within its boundaries a health care enterprise
17 zone, as defined in this part, may propose local incentives that
18 provide for an exemption or reduction of real property taxes of
19 that portion of a structure or building that is used to house a
20 medical or dental primary care practice as defined in this part
21 and that is located in that designated area.



1 (b) The exemption or reduction in real property taxes
2 shall be in effect for tax years that are within the period of
3 designation as a health care enterprise zone and shall be
4 contingent upon an annual application filed by the property
5 owner with, and approved by, the county in which the application
6 was filed.

7 (c) Upon the granting of an exemption or reduction of real
8 property taxes pursuant to this section, an owner of the
9 building or structure granted the exemption or reduction shall
10 rebate to a tenant engaged in the medical or dental primary care
11 practice an amount equal to the exemption, which may be a lump
12 sum or rebated through discounted rental payments.

13 (d) The tenant engaged in the medical or dental primary
14 care practice or the owner of the building or structure granted
15 the exemption or reduction shall annually submit proof to the
16 county in which the exemption or reduction was granted that the
17 amount of the exemption was rebated to the eligible tenant. If
18 proof satisfactory to the county is not provided in the manner
19 that the each county shall establish, the exemption or reduction
20 shall not be allowed for the tax year and the owner of the
21 property shall refund the amount of the exemption or reduction
22 for that tax year to the county."



1 SECTION 2. Chapter 209E, Hawaii Revised Statutes, is
2 amended by designating sections 209E-1 to 209E-14 as part I,
3 entitled:

4 "PART I. STATE ENTERPRISE ZONES"

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2050.

7



Report Title:

Health Care Enterprise Zones; Tax Incentives; Low-Interest Loans

Description:

Adds a new part to chapter 209E that establishes health care enterprise zones to provide tax and loan incentives for primary care practitioners located in health care enterprise zones. Requires affected county to concur with the director of health when considering whether to designate an area within the county as a health care enterprise zone. Effective 7/1/50. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

