

STAND. COM. REP. NO. **424**

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 1204  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committees on Human Services and Commerce and Consumer Protection, to which was referred S.B. No. 1204 entitled:

"A BILL FOR AN ACT RELATING TO LONG-TERM INSURANCE TAX CREDIT FOR SMALL BUSINESS,"

beg leave to report as follows:

The purpose of this measure is to grant tax credits to small businesses in the amount equal to the lesser of fifty per cent of premiums or \$500 per employee for the purchase of long-term care insurance for its employees; where "small business" means a for-profit enterprise consisting of fewer than one hundred full-time or part-time employees.

Testimony in support of this measure was submitted by the Chamber of Commerce of Hawaii, the Association of Insurance and Financial Advisors, the Kokua Council, the Policy Advisory Board for Elder Affairs, and one individual. Testimony in opposition to this measure was submitted by the Department of Taxation. Comments were submitted by the American Council of Life Insurers and the Tax Foundation of Hawaii. Written testimony presented to the Committees may be reviewed on the Legislature's website.

Your Committees find that persons sixty years of age and older presently account for nearly one-fifth of the State's population, and nearly one-third of these people are expected to have functional disabilities. Given these facts, your Committees are concerned that long-term care needs and associated costs will increase.

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Your Committees understand that as the cost of doing business in Hawaii continues to rise, small business employers must make prudent decisions regarding the benefits they provide to employees. Your Committees find that the tax credits proposed by this measure offer an innovative solution to the problem of rising long-term care costs by providing an incentive to small businesses, which employ the bulk of all workers in Hawaii, to provide long-term care insurance to their employees.

Your Committees agree with the comment by the American Council of Life Insurers for clarification of the small businesses to which this measure applies.

Accordingly, your Committees have amended this measure as follows:

- (1) By revising the definition of "small business" to mean a for-profit enterprise that is a corporation, partnership, limited liability company, sole proprietorship, or other form of business entity having fewer than one hundred full-time or part-time employees, and making conforming amendments to the new section proposed by this measure; and
- (2) By making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1204, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1204, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Human Services  
and Commerce and Consumer  
Protection,

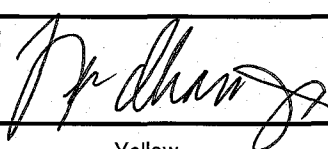
  
ROSALYN H. BAKER, Chair

  
SUZANNE CHUN OAKLAND, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

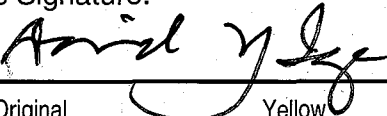
**Record of Votes**  
**Committee on Human Services**  
**HMS**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1204	HMS/CPN, WAM	2-17-09		
<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)	✓			
GREEN, M.D., Josh	✓			
HEMMINGS, Fred	✓			
<b>TOTAL</b>	4	0	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes

The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

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SB 1204	HMS/CPN, WAM	2/17/2009		
<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
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will				✓
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
HEMMINGS, Fred	✓			
<b>TOTAL</b>	<b>6</b>			<b>1</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
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