
A BILL FOR AN ACT

RELATING TO LONG-TERM CARE.

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

PART I

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SECTION 1. The legislature finds that in the next twenty years, nearly one-third of the state's population will be over the age of sixty. The youngest baby boomers will become fifty years old in 2014. In Hawaii, the average person lives to age eighty-two. The number of residents sixty-five and older in Hawaii is projected to more than double from 198,094 in 2010 to 403,370 in 2040, according to the latest executive office on aging projections. The demand for home-based long-term care services is quickly outpacing affordability to care for seniors.

Many kupuna erroneously believe medicare will cover the costs of nursing homes, which is not the case. The other option is for kupuna to surrender nearly all their financial assets to qualify for medicaid, in which case taxpayers pick up the cost. Private nursing homes in Hawaii cost nearly 50 per cent more than anywhere else in the country, with an average price of nearly \$145,000 a year according to AARP Hawaii.

1 Hawaii's long-term care costs are among the highest in the
2 country, and the costs continue to increase. Consequently many
3 people desire and do receive care at home. This concept is
4 known as aging in place, which is a cultural tradition in
5 Hawaii. However, families need money to financially facilitate
6 care at home for aging family members.

7 The legislature further finds that taking care of kupuna at
8 home is particularly burdensome in Hawaii, where college-
9 educated adult children may live on the mainland and thus are
10 incapable of caring for their aging parents in Hawaii. Adult
11 children who work on the mainland may have to return home to
12 live and abandon careers in the process in order to care for
13 their parents at home, which is the only alternative to
14 expensive institutional care. If the children already live in
15 Hawaii, they often have to quit their jobs to stay home to care
16 for their aging parents, which is also a financial disaster for
17 the family and a loss of tax revenue for the State.

18 The legislature further finds that it is incumbent on the
19 State to ease the financial burden placed on families to provide
20 long-term care to their kupuna.



1 The purpose of this Act is to establish a long-term care
2 surcharge on state tax as a dedicated source of funding under
3 the long-term care financing program established under chapter
4 346C, Hawaii Revised Statutes.

5 PART II

6 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§237- Long-term care surcharge on state tax. (a)
10 Beginning _____, there shall be levied, assessed, and
11 collected as provided in this section a long-term care surcharge
12 on state tax, which shall be 0.5 per cent of all gross proceeds
13 and gross income taxable under this chapter.

14 With respect to the surcharge, the director of taxation
15 shall have all the rights and powers provided under this
16 chapter.

17 (b) The long-term care surcharge on state tax shall be
18 imposed on the gross proceeds or gross income of all written
19 contracts that require the passing on of the taxes imposed under
20 this chapter; provided that if the gross proceeds or gross
21 income is received as payments beginning in the taxable year in



1 which the taxes become effective on contracts entered into
2 before June 30 of the year prior to the taxable year in which
3 the taxes become effective, and the written contracts do not
4 provide for the passing on of increased rates of taxes, the
5 long-term care surcharge on state tax shall not be imposed on
6 the gross proceeds or gross income covered under the written
7 contracts. The long-term care surcharge on state tax shall be
8 imposed on the gross proceeds or gross income from all contracts
9 entered into on or after June 30 of the year prior to the
10 taxable year in which the taxes become effective, regardless of
11 whether the contract allows for the passing on of any tax or any
12 tax increases.

13 (c) No long-term care surcharge on state tax shall be
14 imposed on any:

15 (1) Gross income or gross proceeds taxable under this
16 chapter at the 0.5 per cent tax rate;

17 (2) Gross income or gross proceeds taxable under this
18 chapter at the 0.15 per cent tax rate; or

19 (3) Transactions, amounts, persons, gross income, or gross
20 proceeds exempt from tax under this chapter.



1 (d) The director of taxation shall revise the general
2 excise tax forms to provide for the clear and separate
3 designation of the imposition and payment of the long-term care
4 surcharge on state tax.

5 (e) The penalties provided by section 231-39 for failure
6 to file a tax return shall be imposed on the amount of surcharge
7 due on the return being filed for the failure to file the
8 schedule required to accompany the return. In addition, there
9 shall be added to the penalties an amount equal to 10 per cent
10 of the amount of the surcharge and tax due on the return being
11 filed for the failure to file the schedule.

12 (f) All taxpayers who file on a fiscal year basis whose
13 fiscal year ends after December 31 of the year prior to the
14 taxable year in which the taxes become effective shall file a
15 short period annual return for the period preceding January 1 of
16 the taxable year in which the taxes become effective. Each
17 fiscal year taxpayer shall also file a short period annual
18 return for the period starting on January 1 of the taxable year
19 in which the taxes become effective and ending before January 1
20 of the following year."



1 SECTION 3. Chapter 238, Hawaii Revised Statutes, is
2 amended by adding two new sections to be appropriately
3 designated and to read as follows:

4 "§238- Long-term care surcharge on state tax. (a)
5 Beginning , the long-term care surcharge on state tax
6 shall be levied, assessed, and collected as provided in this
7 section on the value of tangible personal property, services,
8 and contracting taxable under this chapter. The long-term care
9 surcharge on state tax shall be 0.5 per cent of the value of
10 tangible personal property, services, and contracting taxable
11 under this chapter.

12 With respect to the surcharge, the director of taxation
13 shall have all the rights and powers provided under this
14 chapter.

15 (b) The long-term care surcharge on state tax shall be
16 imposed on the gross proceeds or gross income of all written
17 contracts that require the passing on of the taxes imposed under
18 this chapter; provided that if the gross proceeds or gross
19 income is received as payments beginning in the taxable year in
20 which the taxes become effective on contracts entered into
21 before June 30 of the year prior to the taxable year in which



1 the taxes become effective, and the written contracts do not
2 provide for the passing on of increased rates of taxes, then the
3 long-term care surcharge on state tax shall not be imposed on
4 the gross proceeds or gross income covered under the written
5 contracts. The long-term care surcharge on state tax shall be
6 imposed on the gross proceeds or gross income from all contracts
7 entered into on or after June 30 of the year prior to the
8 taxable year in which the taxes become effective, regardless of
9 whether the contract allows for the passing on of any tax or any
10 tax increases.

11 (c) No long-term care surcharge on state tax shall be
12 imposed on:

13 (1) Tangible personal property, services, or contracting
14 taxable under this chapter at the 0.5 per cent tax
15 rate;

16 (2) Tangible personal property, services, or contracting
17 taxable under this chapter at the 0.15 per cent tax
18 rate; or

19 (3) Tangible personal property, services, or contracting
20 exempt from tax under this chapter.



1 (d) The director of taxation shall revise the use tax
2 forms to provide for the clear and separate designation of the
3 imposition and payment of the long-term care surcharge on state
4 tax.

5 (e) The penalties provided by section 231-39 for failure
6 to file a tax return shall be imposed on the amount of surcharge
7 due on the return being filed for the failure to file the
8 schedule required to accompany the return. In addition, there
9 shall be added to the penalties an amount equal to 10 per cent
10 of the amount of the surcharge and tax due on the return being
11 filed for the failure to file the schedule or the failure to
12 correctly report the assignment of the use tax by taxation
13 district on the schedule required under this subsection.

14 (f) All taxpayers who file on a fiscal year basis whose
15 fiscal year ends after December 31 of the year prior to the
16 taxable year in which the taxes become effective shall file a
17 short period annual return for the period preceding January 1 of
18 the taxable year in which the taxes become effective. Each
19 fiscal year taxpayer shall also file a short period annual
20 return for the period starting on January 1 of the taxable year



1 in which the taxes become effective and ending before January 1
2 of the following year."

3 **PART III**

4 SECTION 4. Chapter 231, Hawaii Revised Statutes, is
5 amended by adding three new sections to be appropriately
6 designated and to read as follows:

7 **§231-A Long-term care surcharge on state tax; disposition**
8 **of proceeds.** (a) All long-term care surcharge on state tax
9 collected by the director of taxation shall be paid into the
10 long-term care benefits trust fund quarterly within ten working
11 days after collection and shall be placed by the director of
12 finance in a special account.

13 (b) The quarterly payments shall be made after the long-
14 term care surcharge on state tax has been paid into the state
15 treasury special accounts or after the disposition of any tax
16 appeal, as the case may be. All long-term care surcharge on
17 state tax collected shall be a long-term care benefits trust
18 fund realization, to be used for the purpose of paying claims
19 for defined benefits under chapter 346C.

20 **§231-B Annual data.** The director of taxation shall
21 compile, in machine-readable files (read-only computer compact



1 disk or other suitable media), annual data on taxpayer names and
2 social security numbers who have filed Hawaii resident income
3 tax returns for the year. The files compiled shall be:

4 (1) Transmitted to the board of trustees of the long-term
5 care financing program under chapter 346C annually no
6 later than three months after the date on which
7 individual income tax returns are due; and

8 (2) Used by the board of trustees of the long-term care
9 financing program solely for the purpose of:

10 (A) Maintaining an administrative file of taxpayers
11 eligible for long-term care benefits under
12 chapter 346C;

13 (B) Determining the payment status of each individual
14 taxpayer eligible for long-term care benefits
15 under chapter 346C; and

16 (C) Computing vesting credits gained or lost for
17 eligible taxpayers.

18 **§231-C Confidentiality.** (a) For purposes of chapter
19 346C, the director of taxation shall provide annually to the
20 board of trustees of the long-term care financing program the
21 following information from the most recent tax return concerning



1 each taxpayer who has filed a Hawaii resident income tax single
2 or joint return:

3 (1) Name, address, and social security number;

4 (2) Filing status; and

5 (3) Taxable year and date of filing of the tax return.

6 (b) The information under subsection (a) shall be used by
7 the board of trustees solely for the purpose of determining
8 eligibility to receive defined benefits; provided that the
9 information may be accessed by a qualified entity contracted
10 pursuant to section 346C-4(b) to administer the long-term care
11 financing program."

12 **PART IV**

13 SECTION 5. Chapter 346C, Hawaii Revised Statutes, is
14 amended by adding seven new sections to be appropriately
15 designated and to read as follows:

16 **"§346C-A Long-term care benefits trust fund; established.**

17 (a) There is established in the state treasury the long-term
18 care benefits trust fund, into which shall be deposited moneys
19 collected from the long-term care fund surcharge on state tax
20 under sections 237- and 238- . All moneys in the long-term
21 care benefits trust fund, including income and capital gains



1 earned therefrom, shall be used exclusively to pay defined
2 benefits for the purposes of chapter 346C, including
3 administrative expenses. No transfers shall be made from the
4 long-term care benefits trust fund to any other fund for any
5 purpose.

6 (b) The long-term care benefits trust fund shall be
7 administered by the board of trustees.

8 (c) Moneys in the long-term care benefits trust fund shall
9 be deposited into an interest-bearing account at any federally
10 insured financial institution, separate and apart from the
11 general fund of the State.

12 **§346C-B Funding for program; expenditures.** (a) The
13 program shall be funded through:

14 (1) Deposits into the long-term care benefits trust fund;
15 and

16 (2) Appropriations as necessary to enable the trust fund
17 to meet its immediate obligations for five years
18 forward from any point in time to pay for long-term
19 care services as may be required by this chapter.

20 (b) The board of trustees may make expenditures from the
21 long-term care benefits trust fund as necessary to pay for



1 claims for qualifying long-term care services under this
2 chapter.

3 **§346C-C Actuarial report and actuarial opinion.** (a) The
4 board of trustees shall cause to be prepared an actuarial report
5 and actuarial opinion, as defined by the Actuarial Standards
6 Board of the American Academy of Actuaries. The report and
7 opinion shall be prepared by a member of the American Academy of
8 Actuaries who is a fellow of the Society of Actuaries,
9 certifying that the program is in actuarial balance. Costs of
10 the actuarial report shall be deemed an administrative expense.

11 (b) The actuarial report under subsection (a) shall
12 contain a statement by the actuary certifying that the
13 techniques and methods used are generally accepted within the
14 actuarial profession and that the assumptions and cost estimates
15 used are reasonable. The report shall include:

16 (1) An estimate of the expected future income to and
17 disbursements from the Hawaii long-term care benefits
18 trust fund during each of the next ten ensuing fiscal
19 years;

20 (2) A projection of the tax rates necessary to keep the
21 Hawaii long-term care benefits trust fund actuarially



1 sound over the short-range and long-range future
2 periods;
3 (3) A statement of actuarial assumptions and methods used
4 to determine costs and a detailed explanation of any
5 change in actuarial assumptions or methods;
6 (4) The current and projected number of participants and
7 beneficiaries and the current and projected amounts
8 paid in taxes, defined benefits, current and permanent
9 benefit defined benefits, and the like, aggregated by
10 current and past Hawaii taxpayer status and age;
11 (5) The current value of accumulated assets of the Hawaii
12 long-term care financing program and the value of
13 assets used by the actuary in any computation of the
14 amount of required taxes; and
15 (6) The results of short-range and long-range actuarial
16 sensitivity analyses.
17 (c) Based upon the actuarial report and actuarial opinion
18 under subsection (b), the board of trustees shall report to the
19 legislature, no later than twenty days prior to the convening of
20 each regular session, any recommended statutory amendments to
21 the long-term care surcharge on state tax.



1 (d) The actuarial report shall demonstrate actuarial
2 solvency for seventy-five years and be submitted annually to the
3 governor and the legislature.

4 (e) All work products, papers, documents, and data used or
5 prepared by the actuary in preparing the actuarial report shall
6 be subject to chapter 92F.

7 **§346C-D Obligations of the qualified entity to administer**
8 **the program.** If a qualified entity is contracted by the board
9 of trustees to administer the program pursuant to section 346C-
10 4(b), the qualified entity shall:

11 (1) Establish a procedure to allow individuals to prove
12 eligibility for receipt of long-term care benefits,
13 including qualifications and length and proof of
14 residency status in cases where the individuals were
15 not required to file a state tax return;

16 (2) Ensure against fraud and abuse in claims for and
17 payment of long-term care services; and

18 (3) Implement procedures to safeguard the confidentiality
19 of information in its possession; provided that the
20 entity may disclose information pertaining to the
21 taxpayer's vesting status to the taxpayer, the



1 taxpayer's spouse, or the taxpayer's designated
2 representative as indicated by a general power of
3 attorney or a designated agent as indicated by a power
4 of attorney for health care.

5 **§346C-E Defined benefit.** (a) Beginning no earlier than
6 the day following the end of the fifth year of long-term care
7 surcharge on state tax collections, payment of defined benefits
8 for long-term care services shall commence. The defined benefit
9 shall be \$70 a day up to a cumulative period of three hundred
10 sixty-five days; provided that the daily defined benefit may be
11 adjusted from time to time by the board of trustees.

12 (b) Payment of a defined benefit shall begin after the
13 thirtieth day following the date of the approval of the written
14 certification under section 346C-8(b) and shall be made to the
15 recipient of a long-term care service, or to the legal
16 representative of the recipient in the name of the recipient, as
17 a reimbursement for long-term care service expenditures. The
18 amount of the defined benefit shall not be qualified by the
19 income of the recipient.

20 (c) The defined benefit under the program shall be primary
21 to private insurance and medicaid benefits. An individual shall



1 not receive a defined benefit while the individual is receiving
2 medicare benefits for long-term care; provided that if medicare
3 benefits are exhausted, the individual shall be required to
4 qualify under section 346C-8.

5 (d) Prior to adoption of any administrative adjustment to
6 the amount of the long-term care benefit, the board of trustees
7 shall request a review and an opinion by the actuary in the
8 actuarial report under section 346C-C.

9 (e) The defined benefit received under this section shall
10 not constitute income and shall be excluded from the state
11 income tax pursuant to section 235-7(a)(6).

12 **§346C-F Vesting to receive a defined benefit.** (a) Any
13 individual who has paid Hawaii resident income tax for ten years
14 shall be fully vested to receive the defined benefit.

15 (b) An individual shall earn one-tenth of the defined
16 benefit for each year that the individual pays the income tax.
17 An individual shall be allowed one year of non-payment of the
18 income tax without penalty; provided that after one year of non-
19 payment, the individual shall forfeit one-tenth of the defined
20 benefit amount for each year of non-payment.



1 §346C-G Rulemaking. The board of trustees shall adopt
2 rules, pursuant to chapter 91, necessary for the purposes of
3 this chapter."

4 SECTION 6. Section 346C-4, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) The board of trustees shall:

- 7 (1) Have and maintain a fiduciary obligation for the
8 program;
- 9 (2) Discharge their duties solely in the best interest of
10 the program;
- 11 (3) Not knowingly participate in or undertake to conceal
12 an act or omission of a trustee, when the act or
13 omission is known to be a breach of fiduciary
14 responsibility; or fail to discharge specific
15 fiduciary responsibilities in a manner that enables
16 another trustee to commit a breach; or having
17 knowledge of a breach, fail to take whatever action
18 that is reasonable and appropriate under the
19 circumstances to remedy the breach;
- 20 (4) Act with the care, skill, prudence, and diligence
21 under the circumstances then prevailing, that a



H.B. NO. 1253

1 prudent trustee, acting in a like capacity and
 2 familiar with similar matters would use in conducting
 3 an enterprise of similar character and purpose; ~~and~~
 4 (5) Establish a procedure to allow individuals to prove
 5 eligibility for receipt of long-term care benefits,
 6 including qualifications and length and proof of
 7 residency status in cases where the individuals were
 8 not required to file a state tax return; and
 9 ~~(5)] (6) Maintain proper books of accounts and records of~~
 10 the administration of the program."

11 SECTION 7. Section 346C-6, Hawaii Revised Statutes, is
 12 amended by amending subsection (a) to read as follows:

13 "(a) With the advice of the director of finance to ensure
 14 investment soundness, the board of trustees shall invest moneys
 15 in the long-term care benefits trust fund ~~solely~~ in~~+~~
 16 investments with sufficient liquidity to allow market
 17 transactions to meet expected payout requirements without
 18 substantial loss in value or unreasonable delay. The board of
 19 trustees shall invest solely in:

20 (1) Obligations of any of the following classes:



H.B. NO. 1253

- 1 (A) Obligations issued or guaranteed as to principal
2 and interest by the United States or by any state
3 thereof or by any municipal or political
4 subdivision or school district of any of the
5 foregoing; provided that the principal of and
6 interest on such obligations are payable in
7 currency of the United States, or sovereign debt
8 instruments issued by agencies of, or guaranteed
9 by foreign governments;
- 10 (B) Revenue bonds, whether or not permitted by any
11 other provision hereof, of the State or any
12 political subdivision thereof, including the
13 board of water supply of the city and county of
14 Honolulu, and street or improvement district
15 bonds of any district or project in the State;
16 and
- 17 (C) Obligations issued or guaranteed by any federal
18 home loan bank including consolidated federal
19 home loan bank obligations, the Home Owner's Loan
20 Corporation, the Federal National Mortgage



1 Association, or the Small Business
2 Administration;

3 (2) Obligations eligible by law for purchase in the open
4 market by federal reserve banks; and

5 (3) Securities and futures contracts in which in the
6 informed opinion of the board of trustees it is
7 prudent to invest funds of the system, including
8 currency, interest rate, bond, and stock index futures
9 contracts and options on such contracts to hedge
10 against anticipated changes in currencies, interest
11 rates, and bond and stock prices that might otherwise
12 have an adverse effect upon the value of the system's
13 securities portfolios; covered put and call options on
14 securities; and stock; whether or not the securities,
15 stock, futures contracts, or options on futures are
16 expressly authorized by or qualify under the foregoing
17 paragraphs, and notwithstanding any limitation of any
18 of the foregoing paragraphs [~~and~~

19 ~~(4) Any other investments deemed secure on the advice of~~
20 ~~the state director of finance]. "~~



1 SECTION 8. Section 346C-7, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§346C-7[+] **Annual audits of the long-term care**
4 **benefits trust fund.** The auditor shall conduct an audit of the
5 long-term care benefits trust fund annually for the first three
6 years from the date the fund first receives deposits, and every
7 three years thereafter; provided that the auditor may modify the
8 time periods after the first three years as appropriate to the
9 circumstances. The auditor shall publish a report of the
10 results of every audit, including any recommendations."

11 SECTION 9. Section 235-116, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§235-116 Disclosure of returns unlawful; penalty.** All
14 tax returns and return information required to be filed under
15 this chapter shall be confidential, including any copy of any
16 portion of a federal return that may be attached to a state tax
17 return, or any information reflected in the copy of such federal
18 return[-], except that the director of taxation shall provide
19 tax return information to the board of trustees of the long-term
20 care financing program pursuant to section 231-C. It shall be
21 unlawful for any person, or any officer or employee of the



1 State, including the auditor or the auditor's agent with regard
2 to tax return information obtained pursuant to section 23-5(a),
3 to make known intentionally information imparted by any income
4 tax return or estimate made under sections 235-92, 235-94,
5 235-95, and 235-97 or wilfully to permit any income tax return
6 or estimate so made or copy thereof to be seen or examined by
7 any person other than the taxpayer or the taxpayer's authorized
8 agent, persons duly authorized by the State in connection with
9 their official duties, the Multistate Tax Commission or the
10 authorized representative thereof, except as otherwise provided
11 by law. Any offense against the foregoing provisions shall be
12 punishable as a class C felony."

13 **PART IV**

14 SECTION 10. Section 36-27, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) Except as provided in this section, and
17 notwithstanding any other law to the contrary, from time to
18 time, the director of finance, for the purpose of defraying the
19 prorated estimate of central service expenses of government in
20 relation to all special funds, except the:



- 1 (1) Special out-of-school time instructional program fund
- 2 under section 302A-1310;
- 3 (2) School cafeteria special funds of the department of
- 4 education;
- 5 (3) Special funds of the University of Hawaii;
- 6 (4) State educational facilities improvement special fund;
- 7 (5) Convention center enterprise special fund under
- 8 section 201B-8;
- 9 (6) Special funds established by section 206E-6;
- 10 (7) Housing loan program revenue bond special fund;
- 11 (8) Housing project bond special fund;
- 12 (9) Aloha Tower fund created by section 206J-17;
- 13 (10) Funds of the employees' retirement system created by
- 14 section 88-109;
- 15 (11) Hawaii hurricane relief fund established under chapter
- 16 431P;
- 17 (12) Hawaii health systems corporation special funds and
- 18 the subaccounts of its regional system boards;
- 19 (13) Tourism special fund established under section
- 20 201B-11;



- 1 (14) Universal service fund established under section
- 2 269-42;
- 3 (15) Emergency and budget reserve fund under section
- 4 328L-3;
- 5 (16) Public schools special fees and charges fund under
- 6 section 302A-1130;
- 7 (17) Sport fish special fund under section 187A-9.5;
- 8 (18) Glass advance disposal fee established by section
- 9 342G-82;
- 10 (19) Center for nursing special fund under section
- 11 304A-2163;
- 12 (20) Passenger facility charge special fund established by
- 13 section 261-5.5;
- 14 (21) Court interpreting services revolving fund under
- 15 section 607-1.5;
- 16 (22) Hawaii cancer research special fund;
- 17 (23) Community health centers special fund;
- 18 (24) Emergency medical services special fund;
- 19 (25) Rental motor vehicle customer facility charge special
- 20 fund established under section 261-5.6;



H.B. NO. 1253

- 1 (26) Shared services technology special fund under section
- 2 27-43;
- 3 (27) Automated victim information and notification system
- 4 special fund established under section 353-136;
- 5 (28) Deposit beverage container deposit special fund under
- 6 section 342G-104; and
- 7 (29) Hospital sustainability program special fund under Act
- 8 217, Session Laws of Hawaii 2012, as amended by Act
- 9 141, Session Laws of Hawaii 2013;
- 10 [+] (30) [+] Nursing facility sustainability program special fund
- 11 under Act 156, Session Laws of Hawaii 2012;
- 12 [+] (31) [+] Hawaii 3R's school improvement fund] under section
- 13 302A-1502.4; [~~and~~]
- 14 [+] (32) [+] After-school plus program revolving fund under section
- 15 302A-1149.5[~~7~~]; and
- 16 (33) Long-term care benefits trust fund established under
- 17 chapter 346C,
- 18 shall deduct 5 per cent of all receipts of all special funds,
- 19 which deduction shall be transferred to the general fund of the
- 20 State and become general realizations of the State. All
- 21 officers of the State and other persons having power to allocate



1 or disburse any special funds shall cooperate with the director
2 in effecting these transfers. To determine the proper revenue
3 base upon which the central service assessment is to be
4 calculated, the director shall adopt rules pursuant to chapter
5 91 for the purpose of suspending or limiting the application of
6 the central service assessment of any fund. No later than
7 twenty days prior to the convening of each regular session of
8 the legislature, the director shall report all central service
9 assessments made during the preceding fiscal year."

10 SECTION 11. Section 36-30, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

- 12 "(a) Each special fund, except the:
- 13 (1) Transportation use special fund established by section
14 261D-1;
 - 15 (2) Special out-of-school time instructional program fund
16 under section 302A-1310;
 - 17 (3) School cafeteria special funds of the department of
18 education;
 - 19 (4) Special funds of the University of Hawaii;
 - 20 (5) State educational facilities improvement special fund;
 - 21 (6) Special funds established by section 206E-6;



H.B. NO. 1253

- 1 (7) Aloha Tower fund created by section 206J-17;
- 2 (8) Funds of the employees' retirement system created by
3 section 88-109;
- 4 (9) Hawaii hurricane relief fund established under section
5 431P-2;
- 6 (10) Convention center enterprise special fund established
7 under section 201B-8;
- 8 (11) Hawaii health systems corporation special funds and
9 the subaccounts of its regional system boards;
- 10 (12) Tourism special fund established under section
11 201B-11;
- 12 (13) Universal service fund established under section
13 269-42;
- 14 (14) Emergency and budget reserve fund under section
15 328L-3;
- 16 (15) Public schools special fees and charges fund under
17 section 302A-1130;
- 18 (16) Sport fish special fund under section 187A-9.5;
- 19 (17) Center for nursing special fund under section
20 304A-2163;



H.B. NO. 1253

- 1 (18) Passenger facility charge special fund established by
2 section 261-5.5;
- 3 (19) Court interpreting services revolving fund under
4 section 607-1.5;
- 5 (20) Hawaii cancer research special fund;
- 6 (21) Community health centers special fund;
- 7 (22) Emergency medical services special fund;
- 8 (23) Rental motor vehicle customer facility charge special
9 fund established under section 261-5.6;
- 10 (24) Shared services technology special fund under section
11 27-43;
- 12 (25) Nursing facility sustainability program special fund
13 established pursuant to Act 156, Session Laws of
14 Hawaii 2012;
- 15 (26) Automated victim information and notification system
16 special fund established under section 353-136; ~~and~~
- 17 (27) Hospital sustainability program special fund under Act
18 217, Session Laws of Hawaii 2012, as amended by Act
19 141, Session Laws of Hawaii 2013[7]; and
- 20 (28) Long-term care benefits trust fund established under
21 chapter 346C,



1 shall be responsible for its pro rata share of the
2 administrative expenses incurred by the department responsible
3 for the operations supported by the special fund concerned."

4 **PART V**

5 SECTION 12. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so
7 much thereof as may be necessary for fiscal year 2015-2016 and
8 the same sum or so much thereof as may be necessary for fiscal
9 year 2016-2017 for start-up costs for the implementation and
10 collection of the long-term care surcharge on state tax.

11 The sums appropriated shall be expended by the department
12 of taxation for the purposes of this Act.

13 **PART VI**

14 SECTION 13. In codifying the new sections added by
15 sections 4 and 5 of this Act, the revisor of statutes shall
16 substitute appropriate section numbers for the letters used in
17 designating the new sections in this Act.

18 SECTION 14. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 15. This Act shall take effect upon its approval;
21 provided that:



H.B. NO. 1253

- 1 (1) The amendments made to section 36-27(a), Hawaii
- 2 Revised Statutes, by section 10 of this Act shall not
- 3 be repealed when that section is reenacted on June 30,
- 4 2015, pursuant to Act 79, Session Laws of Hawaii 2009,
- 5 and Act 124, Session Laws of Hawaii 2014; and
- 6 (2) The amendments made to section 36-30(a), Hawaii
- 7 Revised Statutes, by section 11 of this Act shall not
- 8 be repealed when that section is reenacted on June 30,
- 9 2015, pursuant to Act 79, Session Laws of Hawaii 2009,
- 10 and Act 124, Session Laws of Hawaii 2014.

11

INTRODUCED BY:

[Signature]

Mark Hahn

[Signature]

[Signature]

JAN 28 2015



H.B. NO. 1253

Report Title:

Long-term Care; Long-term Care Surcharge on State Tax; General Excise Tax; Use Tax; Appropriation

Description:

Establishes a long-term care surcharge on state tax to pay for claims for defined benefits under the long-term care financing program. Makes an appropriation to the department of taxation for costs of implementation and collection.

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

