Honolulu, Hawaii

February 17, 2018

RE: H.B. No. 1921 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2018 State of Hawaii

Sir:

Your Committee on Health & Human Services, to which was referred H.B. No. 1921 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to assist individuals with disabilities and kupuna by reducing the amounts that they pay for medical devices and the repair of those devices. Specifically, this measure amends the general excise tax law by:

- (1) Exempting gross receipts from the sale of diabetic supplies, medical oxygen, human blood and its derivatives, durable medical equipment for home use, and mobility enhancing equipment from the general excise tax; and
- (2) Expanding the definition of prosthetic devices to exempt gross receipts for sale of such devices worn on the body from the general excise tax.

The Hawaii Chapter of the American Physical Therapy Association, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, and two concerned individuals supported this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Clarifying that the amendments made to exempt the various medical devices and repair of those devices in this measure are to take effect concurrently with the amendments made by section 10 of Act 181, Session Laws of Hawaii 2017;
- (2) Clarifying that prescription drugs do not include authorized cannabis or manufactured cannabis products; and
- (3) Changing the effective date to July 1, 3000, to encourage further discussion.

Your Committee notes the concerns raised from the Department of Taxation regarding the time needed to effectively implement changes to the general excise tax. Should your Committee on Finance deliberate on this measure, your Committee respectfully requests that it consider inserting an effective date of January 1, 2019.

As affirmed by the record of votes of the members of your Committee on Health & Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1921, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1921, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Health & Human Services,

Chair

JOHN M. MIZUNO,

State of Hawaii House of Representatives HSCR 310-18 The Twenty-ninth Legislature

Record of Votes of the Committee on Health & Human Services

| Bill/Resolution No.: HB 1921 | Committee Referral: HHS, FIN | Da | te: -31-18 | |
|--|------------------------------|-----------|--|---------|
| ☐ The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| HHS Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. MIZUNO, John M. (C) | | X 15.77. | the transfer of the second | |
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| 2. KOBAYASHI, Bertrand (VC) | | | | |
| 3. BELATTI, Della Au | | | | |
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| 4. LEARMONT, Lei R. | | | | |
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| 5. TUPOLA, Andria P.L. | | | | |
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| TOTAL (5) | | | | |
| The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s) | | | | |
| Vice Chair's or designee's signature: | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |