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Honolulu, Hawaii

FEB 28 2020

RE: S.B. No. 2542  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2542, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX EXEMPTIONS,"

begs leave to report as follows:

The purpose and intent of this measure is to address the shortage of physicians and advance practice registered nurses in the State.

More specifically, this measure exempts from the general excise tax all gross proceeds arising from the sale of medical services by physicians and advanced practice registered nurses acting in the capacity of a primary care provider.

Your Committee received written comments in support of this measure from the Mayor of the County of Hawaii; Hawaii State Rural Health Association; Hawaii Physician Shortage Crisis Task Force; Hawaii Radiologic Associates, Ltd.; American Academy of Pediatrics, Hawaii Chapter; Hawaii Institute of Pain; Hawaii - American Nurses Association; Hawaii Radiologic Society; Ear, Nose, & Throat Clinics of Oahu, LLC; McMann Eye Institute; Philippine Medical Association of Hawaii; Hawaii Emergency Physicians Associated; Hawaii Emergency Physicians Associated; Hawaii Medical Association; East Hawaii Independent Physicians Association; Hawaii Public Health Institute; Hawaii Society of Clinical



Oncology; Hawaii Academy of Family Physicians; and numerous individuals.

Your Committee received comments on this measure from the Department of Taxation, Grassroot Institute of Hawaii, Lighthouse Healing LLC, and Tax Foundation of Hawaii.


Your Committee finds that exempting from the general excise tax all gross proceeds arising from the sale of medical services by physicians and advanced practice registered nurses acting in the capacity of a primary care provider will help to reduce the negative impact of the general excise tax on those physicians and advanced practice registered nurses.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2542, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2542, S.D. 2.

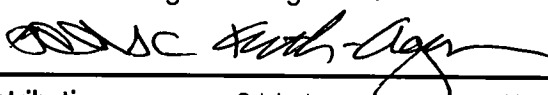
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2542, SDI</b>	Committee Referral: <b>CPH, WAM</b>	Date: <b>2/19/20</b>		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.				X
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.				X
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>7</b>			<b>6</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:            Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes