

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
HOUSE BILL NO. 1919

February 4, 2022
10:00 a.m.
Room 312 and Videoconference

RELATING TO GENERAL EXCISE TAX EXEMPTIONS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1919 adds three new sections to Chapter 237, HRS, to exempt certain foods, medical services and feminine hygiene products from the State's general excise tax.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Sean Quinlan, Chair;
The Honorable Daniel Holt, Vice Chair;
and Members of the House Committee on Economic Development

From: Isaac W. Choy, Director
Department of Taxation

Date: Friday, February 04, 2022
Time: 10:00 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1919, Relating to General Excise Tax Exemptions

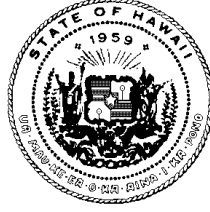
The Department of Taxation (Department) appreciates the intent of H.B. 1919 and offers the following comments. H.B. 1919 adds multiple new sections to chapter 237, Hawaii Revised Statutes (HRS) relating to exemptions from the General Excise Tax (GET). The measure applies to taxable years after December 31, 2022.

The first new section to chapter 237 exempts “amounts received for food or food ingredients,” with limited exceptions for items such as alcoholic beverages, tobacco, prepared foods, soft drinks, dietary supplements, or vending machine foods. The measure maintains excise tax on “furnished, prepared, or served meals” with exceptions for necessary preparation/serving for parties receiving social security income benefits, disabled parties, the blind, as well as parties temporarily residing in nonprofit shelters. To simplify the application of this new exemption for taxpayers, the Department suggests exempting the same products that are exempted under section 237-24.3(5), HRS, which exempts purchases made with United States Department of Agriculture food coupons under the federal food stamp program, and amounts received for purchases made with United States Department of Agriculture food vouchers under the Special Supplemental Foods Program for Women, Infants and Children.

The second new section exempts all gross proceeds resulting from the sale of medical services provided by licensed hospitals, medical clinics, and facilities. The third new sections exempts “all gross proceeds arising from the sale of feminine hygiene products within the State.” “Feminine hygiene products” are defined to include, but not be limited to, sanitary napkins; tampons; panty liners; douches; feminine hygiene syringes; and creams, foams, ointments, jellies, powders, and spray used for vaginal hygiene purposes.

The Department respectfully requests that Section 7 be amended so that the measure is effective on January 1, 2023. Because GET is filed and paid on a periodic basis, applying these new exemptions to taxable years will have a disparate effect on taxpayers with different tax years.

Thank you for the opportunity to provide testimony on this measure.



‘O kēia ‘ōlelo hō’ike no ke
Komikina Kūlana Olakino o Nā Wāhine

Testimony on behalf of the
**Hawai‘i State Commission on the Status of
Women**

Support for HB1919
February 3, 2022

Dear Chair Quinlan, Chair Holt and Honorable Members:

The Hawai‘i State Commission on the Status of Women supports HB1919, which would exempt period products from the GET. In November 2021, [*Understanding Period Poverty in Hawai‘i*](#), a survey of 361 Hawai‘i residents who menstruate, found that period poverty is pervasive in the lives of many women and gender non-conforming people. Nearly one third of respondents or someone in their household experienced difficulty obtaining period products. Of those that said they experienced difficulty, cost was the most cited reason (58%). No one in Hawai‘i should have to menstruate without period products. Government should reduce all cost barriers on the road to providing universal access to period products for all.

Accordingly, the Commission asks that you pass this measure.

Mahalo,

Khara Jabola-Carolus, Executive Director

DAVID Y. IGE
GOVERNOR OF HAWAII



ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
PRINCESS VICTORIA KAMĀMALU BUILDING
1010 RICHARDS STREET, Room 122
HONOLULU, HAWAII 96813
TELEPHONE: (808) 586-8100 FAX: (808) 586-7543
February 04, 2022

LATE

The Honorable Representative Sean Quinlan, Chair
House Committee on Economic Development
The Thirty-First Legislature
State Capitol
State of Hawai'i
Honolulu, Hawai'i 96813

Dear Representative Quinlan and Committee Members:

SUBJECT: HB1919 General Excise Tax Exemptions

The Hawaii State Council on Developmental Disabilities **SUPPORTS HB1919**, which exempts certain foods, medical services, and feminine hygiene products from the general excise tax. Individuals with intellectual/developmental disabilities (I/DD) living in a licensed or certified home only receive a \$50 a month personal allowance for their monthly incidental expenditures. The personal allowance these individuals receive has not been increased since 2007. This allowance is for the individual to use on incidental items the individuals may want, such as; telephone expenses, hobbies, prescription drugs, haircuts, clothing, snacks, eating out, bus fair, etc. However, these individuals usually have little money left to spend after paying for essential items of their choice, such as, feminine hygiene products including menstrual items.

Females living in these circumstances should not be forced to use half of their allowance on feminine hygiene products of their choice. Any decrease in the cost of these items can help support our individuals that require these feminine hygiene products in their daily lives. For these reasons we especially appreciate language on page 9 lines 9-13.

Thank you for the opportunity to submit testimony in **support of HB1919**.

Sincerely,

A handwritten signature in blue ink that reads "Daintry Bartoldus".

Daintry Bartoldus
Executive Administrator



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
Eddie Asato, Pint Size Hawaii, *Vice Chair*
Gary Okimoto, Safeway, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schliff, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Economic Development
Rep. Sean Quinlan, Chair
Rep. Daniel Holt, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 4, 2022
TIME: 10am
PLACE: Via Videoconference

RE: HB1919 Relating to General Excise Tax Exemptions

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in strong support of this measure, to exempt groceries and other essential items from the GET. We thank Representative Okimoto for introducing this measure and the Committee for hearing it.

The economic crisis caused by the COVID-19 pandemic has hit Hawaii harder than any other state. More Hawaii families are struggling than ever before. This measure is a common sense way to immediately bring down the cost of living for all Hawaii residents. This will have the greatest benefit for lower income Hawaii households, who spend a larger proportion of their income on food and other essential items.

Hawaii has the highest cost of living of any state, and we are one of the only states where residents pay taxes on their groceries.

Most states recognize that taxing groceries is regressive and disproportionately impacts lower income families. Thirty-two states plus the District of Columbia exempt groceries from their sales taxes, and another six states tax groceries at lower rates than other goods. It is time for Hawaii to join this majority.

One state that has successfully reduced taxes on groceries is Arkansas. At the beginning of 2007 Arkansas residents had one of the highest food taxes in the Country, paying a 6% State sales tax on groceries. That year a law was enacted that cut taxes on food in half starting in July of 2007. In 2009 the tax on groceries in Arkansas was reduced again to 2%, it was later reduced to 1.5%, and in 2019 it was cut to 0.125%.

A similar stepped down approach could be beneficial in allowing the Hawaii's state government time to adjust to the revenue change caused by exempting groceries and other necessities from the GET.

Each year when a measure to exempt groceries is heard there is concern about the loss of revenue to the State. It is important to note that this money is not being "lost" it is staying with Hawaii consumers who are buying food.

As this measure notes food is a major expense for Hawaii families. According to 2019 USDA data a Thrifty Food Plan for a family of four in Hawaii is \$1176.00 a month, the national average for the same plan during the same period was \$654.10¹.

This means that even thrifty families are likely spending more on taxes when they buy groceries than they are getting back from the food excise tax credit.

While the food excise tax credit helps it is not a solution. Many families who are struggling will not get the full amount that they pay in food taxes back. Families also have to wait to access these funds until their taxes are filled each year. This does not have the same benefit as keeping the money in people's pockets or allowing it to circulate in the economy.

Hawaii's high cost of living is a constant topic of conversation and each year we see a lot of bills that try to address one segment of this problem or another. This year more than ever so many Hawaii families are struggling and need immediate relief. Exempting groceries and the other essential items from the GET is a comprehensive solution that would actually make it less expensive to live in Hawaii as soon as the measure is implemented. For the portion of this bill that applies to food designating SNAP eligible foods as those that are exempt from the GET is an efficient way to ensure that the exemption applies to the intended products.

Saving 4.712% on their grocery bill would mean that Hawaii families can put that money towards things like buying more fruits and vegetables, saving for retirement, and investing in their communities. Keeping the money in the local economy and in the hands of people that need it benefits everyone, especially lower income families.

For these reasons we strongly encourage you to vote yes on this measure, we thank you for the opportunity to testify.

¹ USDA Food Plans: Cost of Food Reports (monthly reports)
<https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-reports-monthly-reports>

HB-1919

Submitted on: 2/2/2022 3:19:27 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Christy Torres	Autism Behavior Consulting Group	Support	No

Comments:

The taxes charged on medically necessary services such as Applied Behavior Analysis for children currently are not being passed to families, but rather absorbed by the providers. This cost significantly hinders the ability of providers like Autism Behavior Consulting Group to service more families on Oahu. We are unable to increase our reimbursement rates from insurance and are expected to keep up with rising costs leaving no room to invest in more personnel and space to service more families. I support this bill.



The Thirty-First Legislature, State of Hawaii
House Committee on Economic Development
Honorable Chair Sean Quinlan
Honorable Vice Chair Daniel Holt
Representative Della Au Belatti
Representative Dale T. Kobayashi
Representative Richard Onishi
Representative Jackson Sayama
Representative Gregg Takayama
Representative Val Okimoto

Friday, February 4, 2022, 10:00 am

RE: Support for HB1919 - Relating to General Excise Tax Exemptions

Dear Chair Quinlan, Vice Chair Holt, and members of the Committee,

Ma'i Movement Hawai'i **strongly supports HB1919**, which serves to exempt feminine hygiene products from the general excise tax amongst other items. Ma'i Movement Hawai'i is a locally grown organization committed to addressing menstrual inequity and ending period poverty, or the inability to buy and access menstrual products, due to factors including but not limited to financial constraints, lack of education, societal shame or stigma, and inadequate access to a clean facilities to maintain proper hygiene.

Ma'i Movement Hawai'i recognizes the all-encompassing societal challenges inherent in tackling the broader issue of period poverty that disproportionately affects students, low-income and houseless girls and women, trans and gender non-conforming individuals, and those that are incarcerated. We are particularly concerned with modeling estimates from a [2020 Aloha United Way ALICE report](#) that found nearly 60% of local families are struggling to meet basic needs due to the ongoing pandemic. Statistics from the [US Census Bureau](#) that take into consideration Hawai'i's high cost of living places 12.5% of the population living below the poverty rate, which is considerably higher than the official poverty measure of 9.5%.

The most recent data collected in Hawaii from the US Census Bureau is even more alarming and provides a deeper understanding of economic conditions and policy effects in Hawaii. According to the [Household Pulse Survey](#) in the last 7 days, 32% of local households report difficulties paying for usual household expenses and 57% reporting difficulties are biologically female. In

households with an income less than \$34,999, 84% had some difficulty and nearly a third found it very difficult. Even at the higher income bracket of \$100,000-\$149,999, 48% report difficulties paying usual household expenses.

We know from our work that those struggling to meet basic needs are likely to be the same individuals impacted by period poverty. Period poverty and menstrual inequity are a direct result of socioeconomic, gender, and racial injustices. The [2021 report conducted by Hawai'i State Commission on the Status of Women and Ma'iMovement Hawai'i](#) revealed the extent of the issue in the state. The exceptionally high cost of living and wage gap for women specifically exacerbate period poverty in Hawai'i. 90% of respondents believe period products are expensive and nearly 30% of respondents reported that they or someone in their household experienced difficulty obtaining period products, of which cost was the most cited reason. Furthermore, 95% of respondents believe the government should remove the tax on period products.

Imposing a tax on period products is essentially imposing a tax on menstruating individuals, including but not limited to girls, women, trans and gender non-conforming individuals. Period products are tax-free in 23 states. Between 2016 and 2020, states, such as Nevada, New York, Florida, Connecticut, Illinois, Ohio, Utah, and Washington, have eliminated taxes on these items.

HB1919 is an initiative that takes steps to end period poverty in Hawai'i. The effort to exempt period products from the general excise tax would take steps to address:

- **Equality** - Taxing period products is unfair and inequitable to those who menstruate and those who do not. Such taxes target those who menstruate and therefore have a discriminatory effect.
- **Public Health** - Access to property period products is crucial to women's and menstruator's health. It has been established that lack of proper menstrual hygiene is linked to many types of infections. (Sumpter & Torondel 2013; House et al. 2013; Sommer et al. 2015). The American Medical Association has even advocated for exempting menstrual hygiene products from sales taxes because "menstrual hygiene products are essential for women's health" (AMA 2016).
- **Affordability and Accessibility** - A [2018 study](#) analyzing the 2005 elimination of menstrual hygiene products from the sales tax base in New Jersey found that low-income consumers enjoy a benefit from the exemption by more than the size of the repealed tax. For high-income consumers, the tax break is shared equally with producers. The results suggest exempting period products from the general excise tax would remove an unequal tax burden and make period products more accessible. (Cotropia, 2018).
- **Basic Needs** - Currently, recipients of benefits provided under the Supplemental Nutrition Assistance Program, Women, Infant, and Children (WIC) program, and the Temporary Assistance for Needy Families program cannot use their benefits to purchase period products and other basic hygienic products. We have anecdotal evidence that

recipients subject themselves to unhygienic alternatives or exchange food for period products because of restrictions with government assistance for the most basic needs.

We urge you to support **HB1919** and welcome you to contact us with any additional questions you may have. Mahalo for your leadership and service to Hawai'i!

Aloha,

Nikki-Ann Yee
Co-Founder & President
Ma'i Movement Hawai'i

HB-1919

Submitted on: 2/2/2022 5:19:13 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Scott Grosskreutz, M.D.	Hawaii Physician Shortage Crisis Task Force	Support	No

Comments:

Dear Committee Members,

Hawaii's taxation of healthcare benefits, food and feminine hygiene products is regressive, and taxes those who often can afford it the least. Many patients in Hawai'i are already struggling with the cost of medical co-pays, and the GET adds to their fiscal burden. Hawaii is the only State in the U.S. which taxes Medicare, Medicaid and TriCare healthcare benefits. 60% of Hawai'i's populations are covered by these three programs. Providers are required to pay their patients GET tax for Medicare patients by CMS policies, and they often also absorb these taxes for their Medicaid patients. In our high cost state, reimbursement for these programs can be less than the cost of providing medical services, and the GET on gross revenues can result in providers losing money caring for these patients. The GET is a major contributing factor for Hawai'i having the fewest doctors to care for Medicare in all 50 states.

Hawaii County has a severe shortage of healthcare providers, which directly results in our residents having a significantly higher mortality rate for cancer, trauma, COPD, asthma, Hepatitis C, MI, adolescent deaths, as well as a higher incidence of stroke. The Big Island has Hawaii's lowest life expectancy and the highest rate of poverty.

In one recent national survey, Hawai'i County had the third worst shortage of primary care providers in America. The University of Hawai'i's Area Health Education Center estimated that there was a 53% shortage of doctors on the Big Island in 2021. An AMA study just reported that 20% of U.S. doctors and 40% of nurses plan to leave practice within the next two years. Without action, our healthcare provider shortage crisis is destined to become much worse. In 2020, Mayor Harry Kim informed the Hawai'i State Legislature that our Big Island healthcare system was in a state of collapse. Mayor Mitch Roth has stated that a robust healthcare system was critical for our County's economic recovery from the COVID pandemic.

With an average income for our county of about \$40,000, very few of our residents can afford to fly for Oahu for health and dental care. Our patients often defer medical and dental care due the

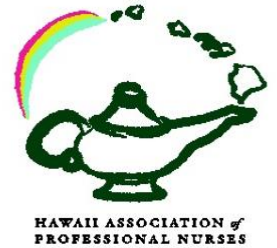
lack of providers. Immediate action is needed for the Big Island to be able to recruit and retain the needed healthcare providers to care for our ohana.

Creating an exemption from the GET for healthcare benefits, food and feminine hygiene products would improve the lives of our communities, by lowering every day costs, and would help recruitment and retention of new healthcare providers to replace our rapidly aging workforce.

Mahalo Nui Loa,

Scott Grosskreutz, M.D.

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Sean Quinlan, Chair of the
House Committee on Economic Development

From: Hawaii Association of Professional Nurses (HAPN)

Subject: HB1919 – Relating to General Excise Tax Exemptions

Hearing: February 4, 2022, 10a.m.

Aloha Representative Quinlan Chair; Representative Holt, Vice Chair; and Committee Members,

Thank you for the opportunity to submit testimony regarding HB1919. HAPN is in **strong Support** of removing general excise tax from medical services and consumer goods and products that should be a human right. This will lower the already high burden and cost this places on local medical services businesses meeting the healthcare needs of our State. Our members are already struggling to keep our clinic doors open, this bill would provide some relief.

Hawaii is the only state in our country that taxes healthcare. We feel this tax of healthcare, food, and feminine hygiene products are regressive and impact those who are least able to afford this tax. Adding tax to the rising costs of co-pays, this cost could be unaffordable for some patients.

Our organization's members have opened their own clinics/practices and we must pay this tax on all services. We are not able to extend this tax to our Medicaid, Medicare, and Tricare patients. We already have a provider shortage across the state. Our neighbor islands have the worse shortages of healthcare providers. From a nation-wide survey of 3000 counties, Hawaii county is #3, Maui county is #5, and Kauai county is #13 in the nation of having the WORST shortages of primary care providers. The continued imposition of general excise tax does not help this issue.

HAPN's mission, to be the voice of Advanced Practice Registered Nurses in Hawaii, has been the guiding force that propelled us to spearhead the advancement of patients access to healthcare as well as supporting the recognition of the scope of practice for APRNs in Hawaii which led us to full practice authority. We have played an important role to improve the physical and mental health of our communities.

Thank you for the opportunity to share the perspective of HAPN with your committee. Thank you for your enduring support of the nursing profession in the Aloha State.

Respectfully,
Dr. Jeremy Creekmore, APRN
HAPN President

Dr. Bradley Kuo, APRN
HAPN Legislative Committee, Chair
HAPN Past President

HB-1919

Submitted on: 2/2/2022 7:24:24 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jamie Boling	Optimum Health and Wellness Hawaii	Support	No

Comments:

The taxation of healthcare benefits (and food) is regressive and hits those hardest who are often least able to afford this tax.

Hawaii’s patients have to pay both co-pays and the GET tax on healthcare, making healthcare unaffordable to some patients.

Healthcare providers must pay their Medicare patient’s GET tax, and we often absorb the GET tax for Medicaid patients as well. For many healthcare services for Medicare and especially Medicaid patients, current reimbursement rates have little or no profit margin, and the GET tax can result in the expense of the service exceeding reimbursements.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits.

Hawaii has the fewest providers availability to accept Medicare patients behind all other states and the District of Columbia per Wallethub.

60% of Hawaii’s entire population is on Medicare, Medicaid and TriCare programs.

The Neighbor Islands have severe shortages of healthcare providers and according to a recent nationwide survey of about the 3000 counties in the U.S., Hawaii County is #3, Maui is #5 and Kauai #13 in having the worst shortages of primary care providers.

HB-1919

Submitted on: 2/2/2022 8:03:04 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Thaddeus Pham	Individual	Support	No

Comments:

Aloha Chair Quinlan, Vice Chair Holt, and Members of the ECD Committee,

My name is Thaddeus and I am a resident of Makiki. I am testifying in support of **HB1919** to exempt the sales of period products from the general excise tax in Hawai'i. Periods are costlier for those who have the least means, and often pay considerably more for the exact same items because they're subject to the inflated prices charged at stores. Sales taxes are also inherently regressive, causing a greater relative burden to low-income individuals. 23 states have already passed legislation to end the discriminatory tax on period products. As a public health professional, this measure would ensure essential health products are accessible and affordable for half of the population of Hawai'i.

Thank you for the opportunity to testify in support of this bill.

HB-1919

Submitted on: 2/2/2022 8:25:56 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Brett Kulbis	Honolulu County Republican Party	Support	No

Comments:

Honolulu County Republican Party SUPPORTS HB-1919 (General Excise Tax; Food, Medical Services, and Feminine Hygiene Product Tax Exemption).

This is a great first step to reducing the cost of living on Hawaii tax payers.

Brett Kulbis
Chairman



February 4, 2022

10 a.m.

VIA VIDEOCONFERENCE

Conference Room 312

To: House Committee on Economic Development

Rep. Sean Quinlan, Chair

Rep. Daniel Holt, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: HB 1919 — RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [HB1919](#), which would provide a general excise tax exemption for food, medical services and feminine hygiene products.

With this bill, the Legislature addresses one of the reasons for Hawaii's high cost of living: the regressive general excise tax. The excise tax reaches into nearly every part of daily life in Hawaii and is especially burdensome for those in lower income brackets.

By creating an exemption for necessities like food, feminine products and medical services, this bill is a much more direct and effective way to help the poor than through complex programs or tax credits.

What's more, it would have the added benefit of making Hawaii more affordable for everyone, at every income level. After all, people from all income levels are leaving Hawaii due to its high taxes and high cost of living.

There is an added benefit to this exemption, which may have the additional effect of easing the state's doctor shortage, so long as the exemption is clearly written to include the state's private practice doctors, nurses and physician assistants.

It is well established that Hawaii is suffering from a doctor shortage. One [study](#) estimated that Hawaii is currently "short" by approximately 732 physicians, with the most severe shortages occurring in Maui and Hawaii counties.

The COVID-19 emergency helped emphasize the importance of improving healthcare access in Hawaii and demonstrated that we must pursue multiple strategies to address the shortage of healthcare professionals in the state.

Luring new doctors to Hawaii — and keeping those who are already here — is a complicated proposition. Many proposals would take years to demonstrate success in addressing the issue. In the meantime, Hawaii residents will continue to suffer from the shortage of available medical professionals and the high cost of healthcare in our state.

This bill contemplates a more immediate way to make Hawaii more attractive to physicians: Create a general excise tax exemption for medical services.

Hawaii is one of the few states to levy a form of sales tax on medical services, and the form of that tax — the general excise tax — eats into the margin of the typical Hawaii physician's office.

If the doctor chooses not to pass on any of that tax burden to his patients, he or she risks running an unprofitable practice. If the tax is passed on, then the doctor is contributing to higher medical costs. Under the circumstances, it is no surprise that some doctors choose not to practice in the state at all.

According to a study commissioned by the Grassroot Institute of Hawaii, exempting medical services from the excise tax would help make medicine more affordable in the state for both doctors and residents.¹

Healthcare spending for medical services in Hawaii totals about \$9 billion, of which the for-profit private sector accounts for \$5 billion. An exemption from the state's 4% GET would save private, for-profit medical providers approximately \$200 million. Waiving the GET surcharges imposed by the counties would save an additional \$22 million more.

¹ "How the state GET affects healthcare costs in Hawaii," Grassroot Institute of Hawaii, January 2020,

www.grassrootinstitute.org/wp-content/uploads/2020/01/How-the-state-GET-affects-health-care-costs-in-Hawaii.pdf

This represents substantial savings for individual practices. According to the Grassroot Institute study, the savings from that base 4% GET exemption would be about \$5,275 each for the approximately 38,000 full-time workers in the medical industry. That's the equivalent to 6.7% of the average medical service worker's wage and 5.8% of current GET collections.

Even if the exemption were applied selectively to only areas deemed to have acute shortages, the savings would be \$72 million, or about \$1,920 per for-profit medical service worker in the state. Exempting only private practice doctors would still result in a savings of \$78.9 million for physicians and patients.

The savings for doctors and patients from a GET exemption is just the beginning. By bringing down the cost of practicing in Hawaii, we would also make the state more attractive to those looking to start a new medical practice. That will help address our doctor shortage while simultaneously bringing in new tax revenue — even with the GET exemption.

For example, if the GET exemption led an additional 820 physicians to set up shop in the state, it would result in an increase of almost 4,000 full-time positions in the industry, 4,000 additional supplier and induced jobs, \$1.4 billion in additional economic activity and about \$67.3 million in taxes — more than one-third of the cost of the tax cut.

It is common practice for the state to use GET exemptions to encourage or aid certain industries. Already, Hawaii exempts petroleum refining, aircraft maintenance and leasing, and orchards from the GET.

As we point out in our report, "This means that the state of Hawaii uses its tax code to encourage the development of orchards, but discourage the provision of medical care."

State policymakers are rightly concerned with both making healthcare more affordable and addressing the shortage of medical professionals in Hawaii. By creating a general excise tax exemption for medical services, there is an opportunity to help both patients and doctors by making Hawaii a more attractive — and less expensive — place to practice medicine.

Thank you for the opportunity to submit our comments.

Sincerely,
Joe Kent
Executive Vice President, Grassroot Institute of Hawaii

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE TAX, Food, Medical Services, and Feminine Hygiene Product Tax Exemption

BILL NUMBER: HB 1919

INTRODUCED BY: OKIMOTO, MATSUMOTO, MCDERMOTT (House Minority Caucus Package)

EXECUTIVE SUMMARY: Exempts certain foods, medical services, and feminine hygiene products from the general excise tax.

SYNOPSIS: Adds a new section to chapter 237, HRS, to exempt food or food ingredients, but does not exempt prepared foods (with several exceptions). The definition is highly complex.

Adds a new section to chapter 237, HRS, to exempt medical services, which are defined as professional services provided by hospitals, medical clinics and facilities that are licensed by the appropriate state agencies and services are rendered under chapters 436E, 442, 447, 448, 448B, 451A, 451J, 451K, 452, 453, 453D, 455, 457, 457A, 457G, 458, 459, 460, 461, 461J, 463E, 465, 465D, 466D, 466J, and 468E, HRS.

Adds a new section to chapter 237, HRS, to exempt sales of a feminine hygiene product, which is defined as a sanitary napkin, sanitary towel, tampon, panty liner, douche, feminine hygiene syringes, menstrual cup, sanitary pad, or vaginal creams, foams, ointments, jellies, powders, and sprays used for hygiene purposes.

EFFECTIVE DATE: Applicable to taxable years beginning after December 31, 2022.

STAFF COMMENTS: This measure proposes to provide relief from the imposition of the general excise tax on the retail sale of food, medical services, and feminine hygiene products. Although the imposition of the 4% tax on such items may be an irritant, it is an irritant that holds elected officials accountable. It reminds the voting public that puts up the money, that elected officials like to spend. Because it is so broad based, it is paid by all taxpayers, lending stability to tax collections. Since food purchases are a large part of the general excise tax base and therefore the collections, elimination of the tax on food cannot be accomplished without a significant reduction in spending.

Although the 4% general excise tax is added to every retail sale of goods and services, it is mistakenly referred to as a sales tax since it is commonly shown separately. It should be remembered that it is a tax collected from persons selling all types of goods or services for the privilege of doing business in the state. To single out one type of business for such a broad tax preference is discriminatory. Should lawmakers not find concurrent reductions in spending, there is no doubt that the rates of other taxes, or for that matter the rate imposed on other general excise taxpayers, will have to increase. Should an increase in the general excise tax rate be

necessary, it is more than likely that the higher cost of the tax will be passed on to all consumers including grocers who will embed the cost of the higher tax rate in the shelf price of the food products they sell.

This measure would seriously erode the excise tax base, resulting in a substantial loss of tax revenues, and severs accountability for raising revenues from this tax source. If the exemptions are enacted, will the lost revenues be made up by increasing the rates of other taxes or will the rate on other taxable purchases be increased or will government spending be reduced? Because a large segment of household purchases would then be exempt, just how concerned will those taxpayers be about how tax dollars are spent?

If tax relief is the goal of this measure, then an across-the-board reduction in the general excise tax rate would be far more beneficial than an exemption aimed solely at food purchases. A reduction in the general excise tax rate to 3.5% would have the same revenue impact as the exemption of food purchases.

Then there is an issue about defining what kinds of food sales are taxable. As written, alcoholic beverages, tobacco, "hot foods or hot food products" are not exempt. Do we distinguish between a salad, a warm spinach salad and hot saimin? Other states have had interminable difficulties trying to define taxable versus exempt food.

Finally, lawmakers should consider the stability that the tax on food lends to general excise tax collections. Because food is not a discretionary expense, food purchases tend to even out the peaks and valleys that would result if food were exempt. As proponents of the food exemption point out, food is one purchase that is not discretionary, thus sales of food products will always be a stabilizer of retail activity and therefore general excise tax collections.

The measure also proposes a general excise tax exemption for medical services. While the cost of the tax is an element in the cost of medical care, it is not by any means the major cost which contributes to the rising cost of health care. For example, costly government regulations and malpractice insurance have often been cited in the rising cost of medical care. Thus, while medical care in toto is expensive, the 4% tax on the amounts received by such medical professionals and facilities is not one of the primary factors behind these costs. It should be remembered that all services, products, and equipment purchased and used by such medical facilities and professionals are subject to the 4% tax, the cost of which still has to be passed on to their patients.

What the proposal does is grant a preference to businesses that provide such care at the expense of all other businesses in the state. If the intent is to alleviate the cost of the tax for being ill, then the tax relief should be focused on the patient and his or her ability to afford the additional impost of the tax on such services or devices.

Regarding feminine hygiene products, existing law, namely section 237-24.3(6), exempts sales of prescription drugs and prosthetic devices. Over-the-counter medicines and products, whether to promote male or female health, are not exempt. Thus, Tax Information Release 86-4 states that "sales of items or merchandise considered not exempt include over-the-counter drugs sold

without a prescription or drugs to be used for animals or other pets; medical supplies and devices such as bandages, thermometers, hypodermic needles, diaphragm syringes, gauzes, orthopedic support, inhalation extender devices, food products/supplements, dietary supplements, prophylactics, contact lens preparations, and the like.”

We observe that the current system taxes all over-the-counter hygiene products regardless of sex and wonder whether the proposed exemption will create inequality.

Digested: 2/2/2022



Committee on Economic Development
Rep. Sean Quinlan, Chair
Rep. Daniel Holt, Vice Chair

Date: February 4, 2022
Time: 10:00 am
Place: Via Videoconference
Room 312

HB 1919 Relating to general excise tax exemptions
Testimony in SUPPORT

Honorable Chair Quinlan, Vice Chair Holt, and members of the committee:

Thank you for the opportunity to submit testimony in SUPPORT of HB 1919 for the exemption from general excise tax for certain foods, medical services, and feminine hygiene products. The Hawai'i Association for Behavior Analysis (HABA) is a professional organization dedicated to providers and consumers of applied behavior analysis (ABA). ABA as a medical service, regulated under HRS 465D, is impacted by the current requirement for general excise tax on health care. As the state with the highest cost of living in the nation, tax on medical services continues to impact both providers of ABA and patients receiving ABA.

We respectfully request the committee support this bill to assist medical providers and patients across the state.

Thank you,

A handwritten signature in black cursive script that reads 'Ashley Hogan'.

Ashley Hogan, BCBA, LBA
HABA President 2022

**Written Testimony Presented Before the
House Committee on Economic Development**

**Hearing: February 4, 2022 @ 10:00AM
State Capitol, Conference Room 312**

By Hawai'i – American Nurses Association (Hawai'i-ANA)



HB1919 RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Chair Sean Quinlan, Vice Chair Daniel Holt, and members of the House Committee on Economic Development for this opportunity to provide testimony in support of HB1919 Relating to General Excise Tax Exemptions.

We are Hawai'i - American Nurses Association (Hawai'i-ANA) and we speak for over 15,000 Registered Nurses in our state. Hawai'i-ANA appreciates very much the efforts of the legislature to address the need to recruit and retain healthcare professionals across the state of Hawai'i. Thank you for providing an opportunity to support this measure which would provide a substantial piece of taxation relief, especially to healthcare professionals who provide needed healthcare services as independent contractors which is common in our healthcare system.

We respectfully request that HB1919 pass out of this committee. Thank you for your continued support for measures that address the need to recruit and retain healthcare professionals in our community.

Contact information for Hawai'i – American Nurses Association

President: Katie Kemp, BAN, RN-BC
ana.org

[president@hawaii-](mailto:president@hawaii-ana.org)

Executive Director: Dr. Linda Beechinor, APRN-Rx, FNP-BC
executivedirector@hawaii-ana.org
phone (808) 779-3001
500 Lunalilo Home Road, #27-E
Honolulu Hawai'i USA 96825



JOYFUL LIVING, LLC
MATTHEW S. DYKEMA D.O
1248 KINOOLE ST #101
HILO, HI 96720-4171
808-935-8398

Congressmen and Women,

Thank you for your service to our community and your commitment to the people of Hawaii. In keeping with your promises to your constituents, I urge your support and passage of HB 1919. The current General Excise Tax on medical services is both counterproductive in its economic impact and detrimental to the state of healthcare and access to healthcare on our islands.

As a private practice family medicine physician and owner of my own clinic, I know first-hand that the GET on healthcare services makes it challenging to stay economically viable in an industry where margins are slim and reimbursements in Hawaii are already among the lowest in the nation. Hawaii is the only U.S. state taxing Medicare, Medicaid and TriCare healthcare benefits. Healthcare providers must pay their Medicare patient's GE tax, and we often absorb the GET tax for Medicaid patients as well. For many healthcare services for Medicare and especially Medicaid patients, current reimbursement rates have little or no profit margin, and the GE tax can result in the expense of the service exceeding reimbursements.

While taxes are generally felt to raise funds for the state, I propose that this tax on health services actually deters economic growth in the health industry and significantly deters health care providers from coming and staying in our state. I know several colleagues, who have closed their private practices and who have relocated to other states because it is not a viable business model to practice medicine in Hawaii. This serves not only to worsen the critical shortage of physicians in Hawaii, it has economic losses associated with it. According to the AMA's 2018 Economic Impact Study a single physician contributes on average to over one million dollars per year for workers' wages and benefits. One physician on average helps to create roughly 17 jobs, including front office staff, nursing, billers, office managers, technicians, janitorial services, maintenance services, and many others. These jobs are in general good paying jobs with benefits that your constituents depend on for opportunity and livelihood. All of these services and jobs also generate local tax revenue. Aside from the income tax that is collected from gainful employment through these jobs, they also allow your constituents to purchase homes and other goods that are subsequently taxed to generate income for the state. In essence, a tax on medical services which is intended to raise funds for the state, actually deters physicians from staying or coming to Hawaii to practice medicine. The general excise tax on medical services therefore leads to a much greater loss of job opportunities and tax revenue than could ever be generated by the GE tax itself.

The taxation of healthcare benefits (and food) is regressive and hits those hardest who are often least able to afford this tax. For those patients who do not have Medicare, or Medicaid (who's GE Tax is paid directly by the healthcare provider), they must often pay both co-pays and the GE tax on healthcare, making healthcare unaffordable to some.



JOYFUL LIVING, LLC
MATTHEW S. DYKEMA D.O
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808-935-8398

Hawaii has the least doctors available to accept Medicare patients behind all other states and the District of Columbia per Wallethub. Approximately 60 percent of Hawaii's entire population is on Medicare, Medicaid and TriCare programs. The neighbor Islands have severe shortages of healthcare providers and according to a recent nationwide survey of about the 3000 counties in the U.S., Hawaii County is #3, Maui is #5 and Kauai #13 in having the worst shortages of primary care providers. We are on the verge of an absolute healthcare crisis and collapse in Hawaii, where your constituents will not have access to qualified healthcare providers and medical care, simply because there will not be enough providers to care for them. There is already an increased risk for death and morbidity in Hawaii for many diseases and health issues, due to our shortage of physicians, and this is likely only to continue to worsen. While HB 1919 will not fix all the healthcare issues in our state and the shortage of providers, I do believe it is a step in the right direction and may buy some time to further work on the issues behind the shortage.

Right now, Hawaii is actively deterring physicians from coming to, and staying in our state because of it's tax and healthcare policies. I urge you, for the sake of your constituents and eventually your own families, to take action and pass HB 1919. Inaction is not an option. Please do not postpone discussion and action on these issues. Hawaii is in the middle of a physician shortage crisis, and any further delay, will lead to worse and worse outcomes for our communities.

Again, Thank you for you service to our communities and your hard work on these issues and many more.

Regards

A handwritten signature in black ink, appearing to read "M. Dykema", with a small flourish at the end.

Matthew Dykema, D.O.

LATE

To whom it may concern,

My name is Dr. Christian Kitamura and I am a Board-Certified Internal Medicine Physician practicing in Honolulu, Hawaii. As a local girl, born and raised in Mililani, it was a long-standing dream to become a physician who could care for the people of Hawaii. After completing my college and medical school training in Los Angeles, California, at the University of Southern California and then the David Geffen School of Medicine at UCLA, I was finally able to come back home in 2013 to complete residency training at the University of Hawaii Internal Medicine Residency Program. The practice of medicine is uniquely challenging and rewarding here in Hawaii and I have been fortunate to have mentors along the way to teach me the differences that make Hawaii so unique.

I have had the privilege of working for both large corporations in Hawaii and now currently own my own private practice, Synergy Health LLC, working in partnership with Aloha Gastroenterology LLC to serve the growing population that deserves the right to screen, treat, and prevent Colon Cancer, the 3rd leading cause death in the United States. I also work closely with our University of Hawaii Medical students as Faculty in the Learning Community Program, helping to teach and influence the future of medicine here in Hawaii. As a young physician, riddled with hundreds of thousands of student loan debt from my medical school training, I personally suffer from the GET tax rules in Hawaii that my former colleagues on the mainland do not have to deal with, while also trying to make ends meet in a high cost of living environment and lower insurance reimbursements.

Queens, HPH, HMSA are all exempt from GET and have received CARES/pandemic-related funding while private practices have not. We are short over 1000 physicians in the state of Hawaii and have the fewest young doctors in the country due to the punitive tax laws for physicians in Hawaii.

Hawaii's patients have to pay both co-pays and the GET tax on healthcare, making healthcare unaffordable to some patients.

Healthcare providers must pay their Medicare patient's GET tax, and we often absorb the GET tax for Medicaid patients as well. For many healthcare services for Medicare and especially Medicaid patients, current reimbursement rates have little or no profit margin, and the GET tax can result in the expense of the service exceeding reimbursements.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits. Hawaii has the fewest doctors availability to accept Medicare patients behind all other states and the District of Columbia per Wallethub. 60% of Hawaii's entire population is on Medicare, Medicaid and TriCare programs. The Neighbor Islands have severe shortages of healthcare providers.

I do teach my medical students about these factors and yet still want ownership and the autonomy of entrepreneurship here in Hawaii. I urge the lawmakers to consider supporting this GET exemption if they truly want the future of healthcare in Hawaii to thrive, otherwise we will lose our locally-grown and educated talent to the mainland.

Sincerely,

Christian Y. Kitamura, MD

Synergy Health, LLC



**alliance for
PERIOD
supplies**

LATE

February 3, 2022

The Honorable Sean Quinlan
Chair, House Committee on Economic Development
Hawaii State Capitol, Room 230
Honolulu, Oahu, HI 96813

Re: HB 1919 – SUPPORT

Dear Representative Quinlan:

Alliance for Period Supplies is proud to support HB 1919, which would exempt feminine hygiene products from general excise tax. This legislation provides important tax reform that recognizes the economic and educational importance of period products to people across the state of Hawaii.

The Alliance for Period Supplies is comprised of over 100 independent nonprofit organizations across 37 states and Washington, D.C. that collect, warehouse, and distribute period products to those in need. Hawaii Alliance for Period Supplies member, Ma'i Movement Hawai'i has distributed 102,248 period products in 2020.

Passing this legislation and exempting menstrual products from the general excise tax would produce three important economic benefits. First, the money saved from no longer paying these taxes would be reinvested in the economy as families spend their tax break on meeting other basic needs or investing in their future.

Second, research shows that [one in four women](#), as well as [one in four students](#) have struggled to purchase enough menstrual products. This lack of a basic necessity can force women to stay home from work or school, depressing their wages as well as micro-economic productivity. It can also force families to choose between the material products they need or food, putting their health in jeopardy. Additionally, research shows that students lacking access to menstrual products experience higher rates of absence and are less able to focus and engage in the classroom. Nearly [one in four students](#) missed class due to a lack of access to menstrual products, and [one in five reported](#) not being able to afford the products they needed.



**alliance for
PERIOD
supplies**



A Program of
**National
Diaper Bank
Network**

Repealing the tax on period products will enable more people to purchase the products they need to fully participate in society by attending work and school.

Third, people need menstrual products to stay healthy and avoid infection risks. Without the necessary products, people are unable to leave their homes or are forced to use rags, towels, or other less-sanitary options which can expose them to infection risks. Infections or other medical conditions resulting from a lack of these basic necessities are completely preventable. Removing the burden of the general excise tax on these items will help prevent unnecessary medical costs.

Repealing the tax on period products is critical, bipartisan tax reform for working families. Twenty-three states do not charge sales taxes on period products, including California, Louisiana, and Michigan which recently provided families with this important tax reform. In addition to the important economic, education, and health benefits of this legislation for all Hawaiians, we firmly believe that people's basic needs should not be taxed.

For these reasons, we ask that you support passing HB 1919 through your committee.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Vander Klay". The signature is fluid and cursive, with a large, stylized initial "P" and "V".

Phillip Vander Klay
Director of Policy and Government Affairs
Alliance for Period Supplies

LATE

HB-1919

Submitted on: 2/3/2022 11:00:52 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Cindy Pau, MD	David Fitz-Patrick MD, Inc	Support	Yes

Comments:

Dear Legislatures,

Thank you for your consideration of HB1919. I am writing as a young physician who will hopefully be taking care of our aging Hawaii community hopefully for decades to come. I am writing about the future of healthcare for the people of Hawaii, particularly patients with Medicare insurance.

Hawaii has the lowest rate of Medicare acceptance in the entire Nation. Hawaii also has one of the lowest rate of young physicians per capita. Hawaii is consistently ranked as the worst or top 3 worst states to work in as a physician. We have a physician shortage in Hawaii, particularly on the neighbor islands, especially in this pandemic. The physicians on Oahu are tasked with caring for patients from all islands. It is increasingly more difficult to obtain a visit with a primary care doctor or a specialist. These problems will only get worse if we do not take active steps towards finding a resolution.

The problem is multifactorial and we must address all root causes. However, the Hawaii GE tax laws is part of the problem for both patients and physicians. Hawaii is only one of two states that taxes healthcare in America. Patients with private/commercial insurance are charged a tax for medically necessary procedures (via GE tax pass through). This is particularly financially impactful if a patient has a procedure such a colonoscopy to screen for colon cancer or need surgery for a heart bypass. It is unethical to tax patients for medical care that is medically necessary. Why are we only one of two states in America to tax patients when they are sick or trying to get/stay healthy?

On the physician side, the GE tax is relevant for physicians who take care of patients with Medicare/Medicaid/Tricare, our more vulnerable population of patients. The GE tax is paid by the physician for the patient if they have Medicare/Medicaid/Tricare. Hawaii already has one of the lowest Medicare reimbursements in the nation and the GE tax amplifies this further. The GE tax directly contributes to why Hawaii has the lowest Medicare acceptance rate in the entire nation even though we have one of the highest rates of seniors per capita. Many of my colleagues have had to make the difficult decision to stop accepting Medicare and Medicaid patients because it is economically unfeasible. Can you imagine being a patient and not being able to see your doctor of 20+ years anymore just because you are retired and have Medicare? These patients shift to centers such as ours, but we are overwhelmed and unable to accommodate such

large volume of patients in a timely manner. Please help us. We need more doctors to accept Medicare, Medicaid, and Tricare.

I am writing because my wait time for new consultations is typically > 4 months and very often longer. This is the case for many physicians and it is unreasonable to ask patients who are ill to wait this period of time. I am sure that you or a family member have experienced unnecessary delays in seeing a physician in a timely manner. For some patients, this time may mean the difference between life and death. We need more physicians to serve the people of Hawaii.

I have been seeing more and more young physician leave the state of Hawaii. I have young physician colleagues who won't return to the state of Hawaii to work because the math is very simple for them: they get paid more everywhere outside of Hawaii, they get taxed far less, and have a lower cost of living. We need more physicians in Hawaii and we must plant the seeds now. GE tax reform will directly help with this physician shortage especially for Medicare patients and resolve the unethical issue of taxing patients for healthcare. We need reform. We need your action.

With gratitude for your consideration of GE tax reform,

Cindy Pau, M.D.

LATE

HB-1919

Submitted on: 2/3/2022 11:28:32 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
ryan sato	Sato Dermatology	Support	No

Comments:

I am support of this bill for medical exception for general excise tax. I have no idea why Hawaii is the only state in the nation in which our patients have to pay both co-pays and GET tax. Although it seems that it would hurt patients, it really hurts providers more. As patients pay their copay, we cannot calculate tax until after the visit and after insurance has processed and paid claims. Thus, we will have to bill patients later and if we never collect the tax from patients, the onus falls on us to cover. Also patients with dual insurance are also baffled why they have to pay tax. Have two insurances they are typically fully covered, but to their surprise they need to pay tax and us needing to bill them. Thus we need to waste time creating a bill, paying for postage, to try and collect tax for the state. With Hawaii's doctor shortage, don't make it even harder for physicians to come home. Being born and raised here, I love Hawaii and have been practicing for the past seven years and hope that we can make it easier for young physicians to move back home to practice for our community.

Ryan Sato, MD

LATE

HB-1919

Submitted on: 2/3/2022 3:40:47 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
John Lauris Wade MD	Hawaii Physician Shortage Crisis Task Force	Support	No

Comments:

January 23, 2022

Honorable Representatives Hawaii State House of Representatives

Committee on Economic Development

I would like to take a moment to thank you for hearing HB1919 and urge you to pass this vital piece of legislation.

That Hawaii applies the truly regressive General Excise Tax to Grocery Bills and Feminine Hygiene products is unimaginable.

That Hawaii applies the General Excise Tax to Healthcare Services in unconscionable.

The General Excise Tax on Private Practice Healthcare is directly responsible for limiting access to Healthcare for our most vulnerable residents of Hawai'i, particularly on Neighbor Islands where Physicians Shortages exceed 40%.

A lack of access to healthcare has resulted in Neighbor Island residents facing significantly higher mortality rates for Cancer, Trauma, COPD, Asthma, Hepatitis, Heart Attacks, and stroke. Many of these burdens fall heaviest on Native Hawaiians. A case in point, Native Hawaiians on Neighbor Islands have the highest mortality from breast cancer in the state. The Neighbor Islands also have Hawaii's lowest life expectancy. Life expectancy on the Big Island is 1.5 years less than on Oahu.

Disparities in healthcare outcomes are painfully obvious and disproportionately fall on the Neighbor Island's underserved and economically disadvantaged populations. There are now 437,140 Hawaii Medicaid enrollees and 171,262 of them live on Neighbor Islands. While Neighbor Islands comprise 40% of the total enrollment, they only comprise 29% of the State

population. Hawaii is currently ranked dead last in the availability of providers to care for Medicare patients.

The United States has about 3100 Counties or their equivalents. At the County Level, a recent national survey measured Hawai'i County as having the third worst shortage of primary care providers in the Country. Maui was fifth, Kauai thirteenth.

In its Report to the Legislature, the University of Hawai'i's Area Health Education Center determined that there is a current 40% shortage of doctors on the Big Island and Maui in 2022. A recent AMA study reports that 20% of U.S. doctors and 40% of nurses plan to leave practice within the next two years. This will drive the Shortage higher.

This problem has been studied to death for 15 years via the Annual Report on Findings from the HI Physician Workforce Assessment Project. There has been very little progress and even less vision.

A 4.5% GET tax on top line revenue has a Net after GET effective tax rate approaching 20% for high overhead business such as healthcare. Many healthcare providers pay more in combined GET and State Income Taxes than they pay in Federal Income Tax. It should also be noted that HI is the only state in the nation that broadly taxes healthcare using this mechanism. It is no wonder that HI is not competitive when it comes to recruiting healthcare talent. Finally, it should be noted that it is illegal to pass along the GET tax on to Medicare patients. Passing along the cost to Medicaid patients is simply a cruel barrier to care. As a result, healthcare providers more than often eat the cost.

I would like to remind the committee that Democrats sponsored, supported, and passed a similar bipartisan bill through three of four referral committees in 2020. Four of the eight members of this standing committee are on record supporting identical legislation in the past. One of you is a sponsor of the bill in consideration. All of you should pay attention and look out for the people who suffer the consequences when they cannot access a doctor or healthcare provider.

Should there be objections over the cost of an Exemption, please note that a bill could be tailored to exempt Medicaid, Medicare, and Tricare Services, thereby protecting our most vulnerable citizens. And it should also be noted that creating an environment where healthcare can thrive will increase economic activity and resultant tax revenue.

Regards,

John Lauris Wade MD

Legislative Liaison

Hawaii Physician Shortage Crisis Task Force

BS Biology Duke 1986

MD Northwestern 1990

Residency Madigan Army Medical Center 1995

Maj USA Army (Ret)

Sent from my iPad

LATE

Date: 03 Feb 2022

To: Hawaii State Legislature

From: Thomas B. Francis MD COL ret MC USA

San Miguel Endocrine, Inc

600 Kapiolani Blvd, Suite 201

Honolulu, HI 96813

Tel 808-450-2372

Cell 808-341-5589

Email tfrancis@smendo.com

Subject: HB 1919 Testimony

FOR RECORD

I am a clinical Endocrinologist DBA San Miguel Endocrine, Inc since 2011 in Honolulu. I have made monthly trips to run a one day Hilo Endocrinology clinic hosted by the QMC Subspecialty clinic who I pay to use clinic resources as well as pay to and from airfares including excise taxes both on the plane tickets as well as another excise tax on the airfare "stipend" HMSA incentivizes me to make these monthly visits so the same plane trip is being taxed TWICE, once on the front end when I buy it, and again when the State of Hawaii deems an HMSA stipend payment as revenue to my practice.

For at least the last 2 years, I have been the only Endocrinologist physically going to the Big Island to run this clinic. HPH stopped sending providers even before the Covid crisis. As a retired military Endocrinologist since 2009 and a civilian private practice Endocrinologist since 2011, I am extremely cognizant of the deficiencies of healthcare availability in Hawaii and the role of government, insurance companies, and pharmacy benefit managers in our healthcare system. Up until several years ago, we accepted Tricare and VA insurance but stopped doing so due to what can best be described as failure to pay, low pay, and resistance to supporting care when ordering test and prescriptions. I am also dual hatted as a VA and Tricare Beneficiary so have "experienced" these organizations not just as a health care provider but as a patient/beneficiary. We have never accepted Medicare or Medicaid patients due to the bureaucracy of working with these organizations as well as the low revenue. I have done free care thru QMC Cancer Clinic for these patients so I am well aware of the poor quality of care being provided by the few who take Medicaid, Tricare, and VA patients reminding me of the well-known axiom "You get what you pay for."

I would opine that applying the Excise Tax to private practices and not applying it to hospitals/corporations exacerbates an already gross pressure to end all private medical practices with government basically ordaining corporate and government medical providers the winners. It is well known how low insurance compensation already is in Hawaii compared to the mainland yet doing "business" in Hawaii is one of the highest in our nation. Secondly I would offer that physicians will not come to Hawaii, stay in Hawaii, or raise their families here when the economic compensation for some specialties is so low. Again government has chosen the winners and losers by setting national pay scales that favor high procedure oriented specialties like Dermatology which can generate \$1000 in revenue in minutes that would take an Endocrinologist hours to do the same with a lot more headaches. So the Excise Tax is just one more disincentive for low paying primary care/non-procedural specialties

like Endocrinology, Infectious Disease, Rheumatology, Pediatrics, Internal Medicine, and Family practice that has helped cause and exacerbate a progressive loss of physicians in these specialties and driving private practices into the ground.

So personally, I will tell you that I ended my medical practice at the age of 65 on 31 Dec 21 largely due to continuous financial losses and the stress of trying to overcome “many” obstacles besides the Excise Tax which is just another indictment of Federal and State government having chosen their winners (Corporations and certain medical specialties) and losers (Private Practice Primary Care and non-procedural Medical Providers like Endocrinologists). The real loser is the Big Island patients who have seen their last physical Endocrinology appointment for the foreseeable future. There are a lot of Oahu patients as well who are now finding it hard to find my “replacement”.

So yes, I would strongly encourage you to get rid of the Excise Tax but that is just the tip of the proverbial ice berg if you want to improve the supply and quality of physician healthcare in Hawaii.

Mahalo for your reading this.

Thomas B. Francis MD retired 31 Dec 21

LATE

HB-1919

Submitted on: 2/3/2022 10:51:07 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
James Winkler	Kauai Community Health Alliance	Support	No

Comments:

We are a 501(c)3 community primary care clinic as well as an urgent care. We are nearly out of business despite our providing 15,000 visits a year for 25 years now. Reimbursement is below cost of care delivery for us. We are shored up by grants and donations but survival is tenuous at best.

Because of tragically low reimbursements from Medicare, which translates into equally low reimbursement from private insurers who use Medicare as their bar, we are months away from being unable to remain open. Our monthly deficit continues to grow. Staff are fleeing to take higher paying jobs such as being waiters or baristas causing a labor shortage as well. Its is a downward spiral that is gaining momentum.

We have had to curtail our patient care hours, have had to stop seeing work related injuries (Workers Comp) and motor vehicle accidents, and are no longer accepting new patients, despite three physicians retiring or moving from our area and and all their patients showing up at our door. We are powerless to help them.

It is heartbreaking to turn sick or injured patients away, neighbors and friends in a community we have served for a quarter of a century. Let me be clear, when you trace back every one of our survival issues it always comes to the same thing—we are reimbursed less than the cost of delivering healthcare. No business can withstand those pressures. The delivery of healthcare may collapses on the north shore of Kauai, Hawaii.

LATE



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 4, 2022**

HB 1919 RELATING TO GENERAL EXCISE TAX EXEMPTIONS

Good morning, Chairperson Quinlan and members of the House Committee on Economic Development. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

We **STRONGLY SUPPORT** HB 1919 Relating to General Excise Tax Exemptions. This bill exempts certain foods, medical services, and feminine hygiene products from the general excise tax.

Since the pandemic we have seen the price of food, products and services increase due to supply chain disruption, increase in international and mainland shipping costs to name of a few. According to the Consumer Price Index consumer prices for all items rose 7.0 percent from December 2020 to December 2021. This makes Hawaii's cost of living increase as well.

Currently Hawaii one of 13 states that still has a tax on food and the cost of living as we all know in Hawaii is one of the highest in the nation. When we shop, many of us are looking for the best deals and cutting coupons to make ends meet. Having a general excise tax exemption would help give many families in Hawaii some relief, especially those low income families that are not qualified for the SNAP program as well as our Kapuna.

Mahalo again for this opportunity to testify.

LATE

LATE



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 312
Friday, February 4, 2022 AT 10:00 A.M.**

To The Honorable Sean Quinlan, Chair
The Honorable Daniel Holt, Vice Chair
Members of the committee on Economic Development

SUPPORT HB1919 RELATING TO GENERAL EXISE TAX EXEMPTIONS

The Maui Chamber of Commerce supports HB1919 exempting food and medical services and feminine hygiene products from the state general excise tax (GET). Given Hawaii's high cost of living that impact its working families, and those in need, the most, we have long supported GET exemptions on the items included in this bill.

For this reason, we support the passage of HB1919 to the next committee.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

HB-1919

Submitted on: 2/2/2022 1:10:12 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Support	No

Comments:

All Food and Medical should be Tax Free.

HB-1919

Submitted on: 2/2/2022 5:10:20 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Rick Ramirez	Individual	Support	No

Comments:

The taxation of healthcare benefits (and food) is regressive and hits those hardest who are often least able to afford this tax.Hawaii’s patients have to pay both co-pays and the GET tax on healthcare, making healthcare unaffordable to some patients.

Healthcare providers must pay their Medicare patient’s GET tax, and we often absorb the GET tax for Medicaid patients as well. For many healthcare services for Medicare and especially Medicaid patients, current reimbursement rates have little or no profit margin, and the GET tax can result in the expense of the service exceeding reimbursements.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits. Hawaii has the fewest doctors availability to accept Medicare patients behind all other states and the District of Columbia per Wallethub.60% of Hawaii’s entire population is on Medicare, Medicaid and TriCare programs.

The Neighbor Islands have severe shortages of healthcare providers and according to a recent nationwide survey of about the 3000 counties in the U.S., Hawaii County is #3, Maui is #5 and Kauai #13 in having the worst shortages of primary care providers.

Please consider supporting this measure,

HB-1919

Submitted on: 2/2/2022 6:58:18 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Laeton J Pang	Individual	Support	No

Comments:

I am writing in support of multipronged legislative efforts to address the growing shortage of physicians and advanced practice nurses, particularly on the Neighbor Islands. I have been in private practice in Hawaii for the past 28 years and see patients from the Neighbor Islands who increasingly are telling me that it's difficult for them to access medical care due of providers. This is becoming more of a problem on Oahu, but to a much lesser extent.

The Neighbor Islands have severe shortages of healthcare providers and according to a recent nationwide survey of about the 3,000 counties in the U.S., Hawaii County is #3, Maui is #5 and Kauai #13 in having the worst shortages of primary care providers. The 2022 Report to the Legislature by the University of Hawai'i's Area Health Education Center (AHEC) determined that there is a 40% shortage of doctors on Hawai'i Island and Maui. Hawaii has the lowest doctor availability to accept Medicare patients behind all other states and the District of Columbia per Wallethub. This lack of access to healthcare has resulted in Neighbor Island residents having significantly higher mortality rates for cancer, trauma, COPD, asthma, hepatitis, heart attacks, and stroke.

Hawaii has the second oldest physician workforce in the U.S.. Half our doctors are over age 55. Analyzed by county, (Honolulu, Hawaii, Maui and Kauai), Doctors aged > 65 comprise 21%, 29%, 27% and 25% of the practicing physicians respectively. Similarly, according to 2021 HSCN data, 36% of APRNs are aged 55 or older and of these, 20% state they plan on leaving the profession entirely within the next 5 years.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits. The Hawaii GET cannot be passed on to Medicare patients and most Medicaid patients cannot afford to pay it so providers generally absorb the cost. Because GET is assessed on gross medical income, the overall effect is larger. Together with the relatively low Medicare geographic practice cost index compared to the cost of living in Hawaii, many physicians including those graduating from the Univeristy of Hawaii are choosing to practice elsewhere.

HB-1919

Submitted on: 2/2/2022 7:55:38 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kristen Koba-Burd	Individual	Support	No

Comments:

Thank you for the opportunity to submit testimony in strong support. As a health care provider, additional tax creates undue burden on medical providers across the state, and often results in increased costs for patients. We have a shortage of health care providers and as a neighbor island resident, this issue is exacerbated. Any opportunities to decrease costs of providing medical care and attracting more health care providers needs to be a focus for our community. I support this bill in an effort to address the highest cost of living in the nation and support local working families through decreased costs for accessing medical services.

Thank you,

Kristen Koba-Burd, BCBA, LBA

Maui

HB-1919

Submitted on: 2/2/2022 7:56:56 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Brian Burdt	Individual	Support	No

Comments:

I support HB 1919 and the propsed exemptions from GE tax.

HB-1919

Submitted on: 2/2/2022 8:10:45 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michelle Sato	Individual	Support	No

Comments:

Aloha Chair Quinlan, Vice Chair Holt, and Members of the House Economic Development Committee,

My name is Michelle and I am a resident of Honolulu. I am testifying in support of **HB1919** to exempt the sales of period products from the general excise tax in Hawai'i. Periods are costlier for those who have the least means, and often pay considerably more for the exact same items because they're subject to the inflated prices charged at stores. Sales taxes are also inherently regressive, causing a greater relative burden to low-income individuals. 23 states have already passed legislation to end the discriminatory tax on period products. I believe that tax relief for these products go a long way toward both helping those in our community most in need and promoting gender equality . Thank you for the opportunity to testify in support of this bill.

HB-1919

Submitted on: 2/2/2022 9:07:54 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Melissa W. Chong	Individual	Support	No

Comments:

Melissa Chong, Kihei Resident

Thank you for hearing my testimony today. I am testifying in **strong support of HB1919** to exempt the sales of period products and other items from the general excise tax in Hawai'i. Every penny helps families have enough to provide themselves food, hygiene products, medical attention, etc. Speaking directly to the period tax,. Continuing to support a tax that is targeted solely at your female constituents, for a basic needs item is not acceptable. I hope this can be rectified as soon as possible. Please follow the lead of the other 23 states that have already passed legislation to end the discriminatory tax on period products. Thank you for the opportunity to testify in support of this bill.

HB-1919

Submitted on: 2/2/2022 9:19:30 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Nicelle Herron	Individual	Support	No

Comments:

Aloha Chair Quinlan, Vice Chair Holt, and Members of the House Economic Development Committee,

My name is Nicelle Herron and I am a resident of Kona, HI. I am testifying in support of **HB1919** to exempt the sales of period products from the general excise tax in Hawai'i. Periods are costlier for those who have the least means, and often pay considerably more for the exact same items because they're subject to the inflated prices charged at stores. Sales taxes are also inherently regressive, causing a greater relative burden to low-income individuals. 23 states have already passed legislation to end the discriminatory tax on period products. Thank you for the opportunity to testify in support of this bill.

HB-1919

Submitted on: 2/3/2022 5:24:32 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Stefan Carl Harmeling	Individual	Support	No

Comments:

REASON : Support HB 1919

I'm a family medicine physician in Hilo, Hawaii with my own private practice since 2007. Please support HB 1919 as written. I'm a doctor but more importantly a husband, father, friend and community member. We need improved health care here in our state. There are so many challenges and so many changes that need to be done. HB 1919 is a great step forward in creating a more equitable environment to improve health care. The health of my family and my community will improve with HB 1919. The economic security of my own medical practice will improve with HB 1919. Thank you in advance for your understanding of our need and your support.

- Dr. Stefan Carl Harmeling (MD) Hilo, Hawaii

February 3, 2022

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Sarah Kern and I am a resident of Lihue, Kauai teaching science at Chiefess Kamakahahei Middle School. I am testifying in strong support of **HB1919** because I believe that the tax on menstrual products unfairly affects half of the population. Menstruation is a biological function and menstruators need access to proper hygiene products without the burden of extra taxes preventing them from getting what they need. Unlike other supplies for bodily functions like toilet paper, menstrual products are not used by everyone, and those who need them can't simply "opt out" or "choose" not to purchase these products without putting themselves at risk of serious infection when they resort to using unhygienic alternatives. This tax disproportionately affects women, trans, and gender non-conforming individuals who already face enough discrimination and stigma in society. These individuals should not be responsible for paying more taxes than their non-bleeding counterparts simply because they menstruate. Passing this bill and removing the general excise tax on menstrual products will make these necessary products that much more affordable for the individuals who need them. Thank you for the opportunity to testify in support of this bill.

Sarah Kern
Teacher, Chiefess Kamakahahei Middle School

HB-1919

Submitted on: 2/3/2022 7:52:39 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Colleen Inouye	Individual	Support	No

Comments:

Chair Representative Quinlan and Vice-Chair Representative Holt and the Committee on Economic Development,

Thank you for allowing me to submit testimony in support of HB1919. I am a physician on Maui and have seen the loss of physicians through retirement, moving to the Mainland, and physicians just not seeing positive reasons to move to Hawaii, especially a Neighbor Island. By supporting HB1919 it will demonstrate that you understand the impact of Hawaii without healthcare and the financial burden PATIENTS and physicians pay toward GET.

Thank you for allowing me to submit my testimony in support of HB1919.

Sincerely,

Colleen F Inouye MD MMM MS-PopH FACHE FAAPL FACOG

HB-1919

Submitted on: 2/3/2022 8:26:09 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
nikki inamine	Individual	Support	No

Comments:

Please help Hawaii healthcare survive!

I am a young physician in private practice. We serve thousands of patients in a busy practice yet still find it difficult to survive with little to no profit margin. In a state of physician shortage, it is absurd that health care is taxed more than it has to be. We have the fewest young physicians in Hawaii because of the punitive tax laws for physicians in Hawaii. How can we attract more health care providers if we continue this way?

Please strongly consider this bill. Health care in Hawaii depends on it.

HB-1919

Submitted on: 2/3/2022 8:31:29 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Timothy Au	Individual	Support	No

Comments:

I am a young primary care physician practicing primary care in Honolulu Hawaii. Large companies like Queens medical center, Hawaii Pacific Health, HMSA are all exempt from GET and have received CARES/Pandemic related funding while private practices have not.

Hawaii is short over 1000 physicians and have the fewest young doctors in the country and part of this reason is due to punitive tax laws for physicians in Hawaii.

Hawaii's patients have to pay both co-pays and the GET tax on healthcare making healthcare even more unaffordable.

Healthcare providers like myself must pay their Medicare patients' GET tax and often absorb the GET tax for medicaid patients as well. For many healthcare services for Medicare and especially Medicaid patients, current reimbursement rates have little or no profit margin and the GET tax can result in the expense of the service exceeding reimbursements.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits. 60% of Hawaii's population is on Medicare, Medicaid and Tricare programs.

HB-1919

Submitted on: 2/3/2022 8:43:07 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Joey Kohatsu	Individual	Support	No

Comments:

My name is Joey Kohatsu and I am a Primary Care Physician actively practicing in the State of Hawaii. My specialty is Internal Medicine and Geriatric Medicine. I am in solo private practice.

I write in **STRONG SUPPORT** of HB1919.

- > Hawaii is one of the few states to levy a general excise tax on medical services for patients.
- > It is increasingly challenging to maintain a financially viable medical practice due to rising overhead costs.
- > Reimbursement rates for physician services have not kept up with these rising overhead costs.
- > The General Excise Tax Exemption will significantly help to decrease the financial burden placed on physicians to serve our local community and be one piece in solving the physician shortage crisis and encourage future generations to pursue medicine including primary care. As an independent private practice solo practice physician this measure would be of tremendous help.

Thank you.

Joey Kohatsu, M.D.

Internal Medicine / Geriatric Medicine

Honolulu, Hawaii

Proud Alumni of the University of Hawaii John A. Burns School of Medicine

HB-1919

Submitted on: 2/3/2022 9:01:33 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Allen Novak	Individual	Support	No

Comments:

The State of Hawaii has a shortage of healthcare providers, and it is especially the case on neighbor islands. Elimination of excise tax for healthcare would add incentive for healthcare providers to practice in Hawaii.

HB-1919

Submitted on: 2/3/2022 9:03:03 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kelley Withy	Individual	Support	No

Comments:

Aloha and thank you so much for considering this bill. When a physician, nurse practitioner, or physician assistant sees a Medicare, Medicaid or Quest patient, they are not allowed (by federal law) to charge anything more than the approved cost of care for that service (there is a fixed fee schedule). Therefore the office has to pay the tax for the patient, thus decreasing their payment received by 4.5%. We currently have a shortage of over 700 physicians, and a much bigger number if you include nurse practitioners and physician assistants. We are losing providers every day because they can't make a go of practice in Hawaii.

PLEASE HELP US KEEP THE DOCTORS THAT WE HAVE AND GET MORE HEALTHCARE PROVIDERS BY PASSING THIS BILL.

Mahalo, Kelley Withy, MD

HB-1919

Submitted on: 2/3/2022 9:08:22 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Edith Ignacio Neumiller	Individual	Support	No

Comments:

I fully support HB1919.

Edith Ignacio Neumiller

HB-1919

Submitted on: 2/3/2022 9:13:08 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kristyn Nishimoto	Individual	Support	No

Comments:

I am writing in strong support of HB 1919.

As a physician in Hawai'i, I understand the potential burden of health care costs for many working class families. In addition, I have also witnessed attrition in medical providers first hand, in part due to the cost of providing medical care in Hawai'i, of which the GET tax on healthcare services is one component. This bill would potentially assist in helping keep local doctors in the state, thereby assisting with our current healthcare shortage.

HB-1919

Submitted on: 2/3/2022 9:33:29 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
James Fitch	Individual	Support	No

Comments:

Hawaii has a severe shortage of physicians with the lowest number of young physicians establishing practices here. The prohibitive cost of establishing and maintaining a practice in the state is a major contributing factor to this shortage.

The GET on healthcare is a highly regressive tax making these critical services more expensive and less available for the most vulnerable citizens of our state.

Healthcare providers must pay their Medicare patient's GET tax, and often absorb the GET tax for Medicaid patients as well. For many healthcare services for Medicare and especially Medicaid patients, current reimbursement rates have little or no profit margin, and the GET tax can result in the expense of the service exceeding reimbursements.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits.

Hawaii has the fewest doctors availability to accept Medicare patients behind all other states and the District of Columbia per Wallethub.

60% of Hawaii's entire population is on Medicare, Medicaid and TriCare programs.

HB-1919

Submitted on: 2/3/2022 9:35:02 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Kristi Lopez	Individual	Support	No

Comments:

I am a born and raised local girl and enjoy helping the people of Hawaii. I recently started private practice. I understand that we have a physician shortage here in Hawaii and a lack of providers that are taking new patients.

We have been adversely affected by the pandemic and struggling to continue to make ends meet. We are constantly worrying about revenue and taxes. Although we can pass the tax on to the patient, it is not accepted well. Hawaii's patients have to pay both co-pays and the GET tax on healthcare, making healthcare unaffordable to some patients. We have had multiple patient complaints that they are already paying for their insurance, why do they have to pay for this tax. I discovered that Queens, HPH, HMSA are all exempt from GET and have received CARES/pandemic-related funding while private practices have not.

The statistics are alarming and if we don't do something now to help the private practioners, then we will face a physician crisis:

We are short over 1000 physicians in the state of Hawaii and have the fewest young doctors in the country due to the punitive tax laws for physicians in Hawaii.

Hawaii is the only American state taxing Medicare, Medicaid and TriCare healthcare benefits.

Hawaii has the fewest doctors availability to accept Medicare patients behind all other states and the District of Columbia per Wallethub.

60% of Hawaii's entire population is on Medicare, Medicaid and TriCare programs.

The Neighbor Islands have severe shortages of healthcare providers

Eliminating the GET for Physicians would help to ensure that physicians can service the people of Hawaii.

HB-1919

Submitted on: 2/3/2022 9:36:21 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Adriana Faimealelei	Individual	Support	No

Comments:

Aloha please pass this bill our keiki really needs it. Period poverty should not be a thing here in hawaii nei

HB-1919

Submitted on: 2/3/2022 9:38:22 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Tara Lindsey	Individual	Support	No

Comments:

My name is Tara and I am a resident of Wailuku, Hawaii and teacher/academic dean at Kihei Charter School. I am testifying in support of **HB1919** to exempt the sales of period products from the general excise tax in Hawai'i. Periods are costlier for those who have the least means, and often pay considerably more for the exact same items because they're subject to the inflated prices charged at stores. Sales taxes are also inherently regressive, causing a greater relative burden to low-income individuals. 23 states have already passed legislation to end the discriminatory tax on period products. Menstruating students here at KCS have expressed through documented surveys that they struggle with access to period products and shown appreciation for our efforts to offer these prodcust for free in the girls bathroom. Thank you for the opportunity to testify in support of this bill.

HB-1919

Submitted on: 2/3/2022 9:50:15 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Stacie M Burke	Individual	Support	No

Comments:

Rep. Val Okimoto

Rep. Lauren Matsumoto

Rep. Bob McDermott

House Minority Caucus

Friday, February 4, 2022

H.B. No. 1919 Relating to General Excise Tax Exemptions

Aloha

I am writing in strong support for H.B. 1919.

Hawai'i has the opportunity to help menstruating members of our community. Let's follow the lead of several states that have exempted feminine hygiene products from taxation.

Mahalo for your time

Stacie Burke

Aiea, Hawai'i

HB-1919

Submitted on: 2/3/2022 9:57:54 AM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Louis Pau	Individual	Support	No

Comments:

To whom it may concern

As a private practicing physician, I am faced with numerous and onerous obstacles in providing appropriate and timely care for my patients and dealing with insurance companies. As you well know, Hawaii is one of the two states that continues to tax medical providers (General excise tax). We are unable to pass the GE tax to government-funded insurance such as Medicare, Medicaid and Tricare. We pay the GE tax out of the total insurance payment we will receive from various insurances. This means that we are receiving 95.2% of the total fee that is paid to us from the insurance. I previously had a practice in Kansas and Medicare reimbursement was higher than it is for Hawaii. The cost of doing business and the cost of living in Hawaii is 2 times higher than that of Kansas.

Queens, HPH and HMSA are exempt from GE taxes.

Many of my colleagues no longer practice in Hawaii because of high employee salaries, high rent, lower than normal insurance reimbursement. I have also considered moving back to the mainland since I was able to provide more efficient care and pay less taxes on the business earnings

I am one of the few positions that still see patients with Medicare and Medicaid insurance has without any limitations.

I also have an office on the big island to provide care for my local community where I grew up. I fly there weekly so that patients don't have to hop on a plane and fly to Oahu. 90% of my patients are over the age of 65 years old.

I humbly ask for your support in revoking the get tax on health care providers so that we can have a better chance at surviving this state-imposed fiscal crisis.

Since there is a state surplus, I humbly ask for your support in providing medical providers financial relief.

Louis Pau, MD

President: Oahu Pain Care

LATE

HB-1919

Submitted on: 2/3/2022 2:08:32 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Stacey Kuhn	Individual	Support	No

Comments:

I strongly support HB 1919 in the request to provide exclusion of GE tax for Food, Medical and Feminine Hygiene costs.

HB-1919

Submitted on: 2/3/2022 7:13:39 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michael Rao	Individual	Comments	No

Comments:

As a specialist in a critical shortage specialty the GET on healthcare makes providing healthcare even more difficult in a state that already hamstring's its physicians with low reimbursements. Removing the GET on healthcare would significantly help improve the climate for physicians in the state.

LATE

HB-1919

Submitted on: 2/3/2022 8:34:11 PM

Testimony for ECD on 2/4/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jacqueline Hardy	Individual	Support	No

Comments:

I agree with this bill

TO: Members of the Committee on Economic Development

FROM: Natalie Iwasa
808-395-3233

LATE

HEARING: 10:00 a.m. Friday, February 4, 2022

SUBJECT: HB 1919, Exempt Certain Foods, Medical Services and Feminine Hygiene Products from GET - **SUPPORT Exemption from Food and Medical Services**

Aloha Chair Quinlan and Committee Members,

Thank you for allowing me the opportunity to provide testimony on HB 1919, which would exempt from general excise taxes (GET) most groceries and certain prepared foods, medical services and feminine hygiene products.

I have long advocated for no GET on food, medical services and rent. I therefore support the exemption for food and medical services.

I do not support the exemption for feminine hygiene products, however. Some of the products listed in the bill are not necessities. In addition, the bill doesn't take into account male hygiene products. Please amend the bill to remove the section for exemption of hygiene products.