

Honolulu, Hawaii

MAR 02 2018

RE: S.B. No. 222
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 222, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to provide a general excise tax exemption for the sale of certain medical equipment, supplies, and prescription drugs.

More specifically, the measure:

- (1) Provides a general excise tax exemption for amounts received from the sale of mobility enhancement equipment, durable medical equipment, prescription drugs sold pursuant to a doctor's prescription, diabetic supplies, prosthetic devices, medical oxygen, and human blood and its derivatives; and
- (2) Expands the definition of "prosthetic devices" to include devices that are worn on the body.

Your Committee received written comments in support of this measure from the Hawaii Chapter of the American Physical Therapy Association, Honolulu County Republican Party, and OCC Legislative Priorities Committee of the Democratic Party of Hawaii.



Your Committee received written comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

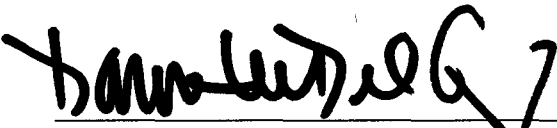
Your Committee finds that this measure will benefit individuals with health conditions and disabilities and senior citizens who live on limited income by exempting necessary medical devices from the state general excise tax.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2019;
- (2) Applying the measure to taxable years beginning after December 31, 2018;
- (3) Making corrections to the quoted text of section 237-24.3, Hawaii Revised Statutes, to reflect statutory language scheduled to take effect on January 1, 2019; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 222, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 222, S.D. 2.

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

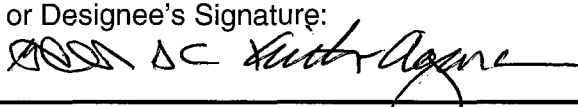


DONOVAN M. DELA CRUZ, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 222, SDI	Committee Referral: CPH, WAM	Date: 2/21/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.	X			
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
TOTAL	10	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes