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**LATE**

To: The Honorable Donovan M. Dela Cruz, Chair  
and Members of the Senate Committee on Ways and Means

Date: Wednesday, February 21, 2018  
Time: 10:08 A.M.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 222, S.D. 1, Relating to the General Excise Tax

The Department of Taxation (Department) offers the following comments on S.B. 222, S.D. 1, for the Committee's consideration.

S.B. 222, S.D. 1, amends the general excise tax exemption for amounts received by hospitals, medical practitioners, etc., for the sale of prescription drugs and prosthetic devices to individuals under Hawaii Revised Statutes section 237-24.3(6). This measure expands and clarifies the exemption by providing an exemption specifically for eight types of medical items and including amended and additional definitions for those items. The bill is effective upon its approval and applies to taxable years beginning after December 31, 2017.

The Department is able to administer the changes in this measure, but requests that any change to the general excise tax be made effective for taxable years beginning after December 31, 2018 to allow the Department to make the necessary form and computer system changes.

Thank you for the opportunity to provide comments.