



HAWAII MEDICAL ASSOCIATION

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**SEN SGT-AT-ARMS
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35 copies to Rm 215:**

Sen HTH/IGA
Thursday
2:45pm
Conference Rm 225

February 9, 2006

To: Senate Committee on Health
Senator Rosalyn H. Baker, Chair
Senator Suzanne Chun Oakland, Vice Chair

Senate Committee on Intergovernmental Affairs
Senator David Y. Ige, Chair
Senator Donna Mercado Kim, Vice Chair

By: Patricia Blanchette, M.D., President
Phil Hellreich, M.D., Legislative Chair
Paula Arcena Executive Director
Dick Botti, Government Relations

Re: SB 2694 RELATING TO EXCISE TAX ON HEALTH CARE

We support SB 2694.

While it would be appropriate to exclude the entire General Excise Tax from medical costs, deleting the coverage from the new tax will at least avoid an increase in the cost of health care by an automatic 1/2%.

The purpose of this Act is to exempt from the county surcharge on excise tax physician services, hospital charges, nursing services, and rehabilitation services.

"(d) No county surcharge on state tax shall be established on any:

(1) Gross income or gross proceeds taxable under this chapter at the one-half per cent tax rate;

(2) Gross income or gross proceeds taxable under this chapter at the 0.15 per cent tax rate; ~~or~~

(3) Services performed by a licensed medical practitioner, hospital, medical facility, nursing home or facility, or rehabilitation facility;