



SENATE COMMITTEE ON HEALTH
Senator Rosalyn Baker, Chair

SENATE COMMITTEE ON INTERGOVERNMENTAL AFFAIRS
Senator David Ige, Chair

Conference Room 225
Thursday, February 9, 2006 at 2:45 p.m.

Testimony in support of SB 2694.

I am Rich Meiers, President and CEO of the Healthcare Association of Hawaii, which represents the entire spectrum of health care, including acute care hospitals, two-thirds of the long term care beds in Hawaii, as well as home care and hospice providers. Thank you for this opportunity to testify in support of SB 2694, which exempts medical services from the general excise tax.

Tax experts, as well as the great majority of the population, are opposed to regressive taxes because it means that those with lower incomes are taxed at a higher rate than those with higher incomes. Unfortunately, regressive taxes continue to exist. Hawaii is one of only two states that taxes health care on a broad basis (the other state is New Mexico). Although hospitals are exempt from Hawaii's general excise tax, many health care organizations and practitioners are required to pay it, and those costs are ultimately passed down to consumers.

The application of the general excise tax on health care is one of the most regressive taxes in Hawaii. Health care is not a discretionary luxury, but a necessity that people must have to survive. One major effect of this regressive tax is that it makes health care less accessible to consumers. Hawaii should be promoting access to health care rather than creating impediments to access.

For the foregoing reasons, the Healthcare Association of Hawaii strongly urges passage of SB 2694.