

Hawaii State Innovation Waiver  
Section 1332 Waiver Extension Application  
Federal Public Comment Received

**September 23, 2021**

To Whom it May concern,

For at least 5 years now, my clients have not been able to take advantage of the medical insurance credit on the tax return for the IRS on form 8941 because of the state Section 1332 Waiver.

This credit on form 8941, that is not allowed here in Hawaii, alone, has cost small businesses quite a LOT in taxes to the IRS. Most small businesses are not even aware that most of the other 49 states get a fantastic credit for when you provide medical to your employees (which is required for Hawaii)

When I tell my clients to try and apply for the PHC application for the monies back, the feed back is that the actual payout never occurs and the wait to even get your application reviewed (I know because I applied for it) the PHC fund employees told me the wait is over 9 months. I doubt any of my clients will actually see any money from the PHC Fund, and if they do, it is such a laborious process it's almost not worth it to pay someone to apply (like an admin) to apply.

Not only are we required by law to provide medical insurance (where most states medical insurance is a benefit not a requirement), small businesses don't get the same benefit as other states that gives a **credit** instead of just a deduction.

I see the ~\$60K from the IRS as a pass through funding for this program, but wouldn't it be a much larger savings to give the businesses the credit instead of taking it from the IRS (the answer is yes). My clients alone would benefit more than \$60K in one year. <https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Downloads/1332-HI-2021.pdf>

Ideally, it would be nice to get the waiver AND still let small businesses take the medical insurance credit on form 8941. Perhaps there would be a way to do both.

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Sincerely,

JD, EA