
A BILL FOR AN ACT

RELATING TO CIGARETTE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 321, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§321- Federally qualified community health center
5 special fund. (a) There is established within the treasury of
6 the State a special fund to be known as the federally qualified
7 community health center special fund. The proceeds of the
8 special fund shall be used exclusively for the maintenance and
9 operation of federally qualified community health centers.

10 (b) The taxes collected under section 245-15(b) and any
11 appropriation made by the legislature shall be deposited into
12 the special fund.

13 (c) The fund shall be managed by the department of health,
14 which shall make expenditures from the fund for the purposes of
15 this section.

16 (d) Notwithstanding any other law to the contrary, no
17 moneys from the special fund may be expended for any purpose



1 contrary to this section unless otherwise approved by the
2 legislature."

3 SECTION 2. Section 245-3, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Every wholesaler or dealer, in addition to any other
6 taxes provided by law, shall pay for the privilege of conducting
7 business and other activities in the State:

8 ~~[(1) An excise tax equal to 5.00 cents for each cigarette~~
9 ~~sold, used, or, possessed by a wholesaler or dealer~~
10 ~~after June 30, 1998, whether or not sold at wholesale,~~
11 ~~or if not sold then at the same rate upon the use by~~
12 ~~the wholesaler or dealer;~~

13 ~~(2) An excise tax equal to 6.00 cents for each cigarette~~
14 ~~sold, used, or possessed by a wholesaler or dealer~~
15 ~~after September 30, 2002, whether or not sold at~~
16 ~~wholesale, or if not sold then at the same rate upon~~
17 ~~the use by the wholesaler or dealer;~~

18 ~~(3) An excise tax equal to 6.50 cents for each cigarette~~
19 ~~sold, used, or possessed by a wholesaler or dealer~~
20 ~~after June 30, 2003, whether or not sold at wholesale,~~
21 ~~or if not sold then at the same rate upon the use by~~
22 ~~the wholesaler or dealer;~~



1 ~~(4)~~ (1) An excise tax equal to ~~[7.00]~~ 9.50 cents for each
2 cigarette sold, used, or possessed by a wholesaler or
3 dealer after June 30, ~~[2004,]~~ 2006, whether or not
4 sold at wholesale, or if not sold then at the same
5 rate upon the use by the wholesaler or dealer; and
6 ~~(5)~~ (2) An excise tax equal to forty per cent of the
7 wholesale price of each article or item of tobacco
8 products sold by the wholesaler or dealer, whether or
9 not sold at wholesale, or if not sold then at the same
10 rate upon the use by the wholesaler or dealer.

11 Where the tax imposed has been paid on cigarettes or tobacco
12 products that thereafter become the subject of a casualty loss
13 deduction allowable under chapter 235, the tax paid shall be
14 refunded or credited to the account of the wholesaler or dealer.
15 The tax shall be applied to cigarettes through the use of
16 stamps."

17 SECTION 3. Section 245-15, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§245-15 Disposition of revenues.** ~~[All]~~ (a) Except as
20 provided in subsection (b), all moneys collected pursuant to
21 this chapter shall be paid into the state treasury as state
22 realizations to be kept and accounted for as provided by law.



1 (b) An amount representing 2.50 cents of the excise taxes
 2 collected for every cigarette taxed under section 245-3(a)(1)
 3 shall be deposited into the federally qualified community health
 4 center special fund in section 321- , to be used exclusively
 5 for the maintenance and operation of federally qualified
 6 community health centers."

7 SECTION 4. Statutory material to be repealed is bracketed
 8 and stricken. New statutory material is underscored.

9 SECTION 5. This Act shall take effect on July 1, 2006.

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HB 1992

Report Title:

Health; Cigarette Tax; Federally Qualified Community Hlth Cntrs

Description:

Increases the cigarette tax by 2.5 cents (per cigarette) to fund the maintenance and operation of federally qualified community health centers.

