
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- Federaly 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, into which shall be
8 deposited the taxes collected under section 245-15(b) and any
9 appropriation made by the legislature into the special fund.
10 The proceeds of the special fund shall be used for the
11 maintenance and operation of federally qualified community
12 health centers.

13 (b) Native Hawaiian programs and programs that assist the
14 uninsured, which focus on smoking cessation, prevention,
15 education, and treatment of the diseases caused by smoking shall
16 be eligible for funding from the federally qualified community
17 health center special fund.



1 (c) The special fund shall be managed by the department of
2 health, which shall make expenditures from the special fund for
3 the purposes of this section.

4 (d) Notwithstanding any other law to the contrary, no
5 moneys from the special fund may be expended for any purpose
6 contrary to this section unless otherwise approved by the
7 legislature."

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

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

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

18 ~~(2) An excise tax equal to 6.00 cents for each cigarette~~
19 ~~sold, used, or possessed by a wholesaler or dealer~~
20 ~~after September 30, 2002, whether or not sold at~~
21 ~~wholesale, or if not sold then at the same rate upon~~
22 ~~the use by the wholesaler or dealer;~~



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

6 ~~(4)]~~ (1) An excise tax equal to ~~[7.00]~~ 9.50 cents for each
7 cigarette sold, used, or possessed by a wholesaler or
8 dealer after June 30, ~~[2004,]~~ 2006, whether or not
9 sold at wholesale, or if not sold then at the same
10 rate upon the use by the wholesaler or dealer; and

11 ~~(5)]~~ (2) An excise tax equal to forty per cent of the
12 wholesale price of each article or item of tobacco
13 products sold by the wholesaler or dealer, whether or
14 not sold at wholesale, or if not sold then at the same
15 rate upon the use by the wholesaler or dealer.

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



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

3 **"§245-15 Disposition of revenues.** [~~All~~] (a) Except as
4 provided in subsection (b), all moneys collected pursuant to
5 this chapter shall be paid into the state treasury as state
6 realizations to be kept and accounted for as provided by law.

7 (b) An amount representing 2.50 cents of the excise taxes
8 collected for every cigarette taxed under section 245-3(a)(1)
9 shall be deposited into the federally qualified community health
10 center special fund established in section 321- , to be used
11 for the maintenance and operation of federally qualified
12 community health centers.

13 (c) Native Hawaiian programs and programs that assist the
14 uninsured, which focus on smoking cessation, prevention,
15 education, and treatment of the diseases caused by smoking shall
16 be eligible for funding from the federally qualified community
17 health center special fund."

18 SECTION 4. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

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



H.B. NO. 1992

Report Title:

Health; Cigarette Tax; Federally Qualified Community Health Centers

Description:

Increases the cigarette tax by 2.5 cents (per cigarette) to fund the maintenance and operation of federally qualified community health centers and native Hawaiian programs providing treatments for smoking cessation and prevention (HB1992 HD1).

