
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 245-3, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Every wholesaler or dealer, in addition to any other
4 taxes provided by law, shall pay for the privilege of conducting
5 business and other activities in the [~~State~~] state:

6 (1) An excise tax equal to 5.00 cents for each cigarette
7 sold, used, or [7] possessed by a wholesaler or dealer
8 after June 30, 1998, whether or not sold at wholesale,
9 or if not sold then at the same rate upon the use by
10 the wholesaler or dealer;

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

16 (3) An excise tax equal to 6.50 cents for each cigarette
17 sold, used, or possessed by a wholesaler or dealer
18 after June 30, 2003, whether or not sold at wholesale,



- 1 or if not sold then at the same rate upon the use by
2 the wholesaler or dealer;
- 3 (4) An excise tax equal to 7.00 cents for each cigarette
4 sold, used, or possessed by a wholesaler or dealer
5 after June 30, 2004, whether or not sold at wholesale,
6 or if not sold then at the same rate upon the use by
7 the wholesaler or dealer;
- 8 (5) An excise tax equal to 8.00 cents for each cigarette
9 sold, used, or possessed by a wholesaler or dealer on
10 and after September 30, 2006, whether or not sold at
11 wholesale, or if not sold then at the same rate upon
12 the use by the wholesaler or dealer;
- 13 (6) An excise tax equal to 9.00 cents for each cigarette
14 sold, used, or possessed by a wholesaler or dealer on
15 and after September 30, 2007, 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 (7) An excise tax equal to 10.00 cents for each cigarette
19 sold, used, or possessed by a wholesaler or dealer on
20 and after September 30, 2008, 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 (8) An excise tax equal to [~~11.00~~] 13.00 cents for each
2 cigarette sold, used, or possessed by a wholesaler or
3 dealer on and after [~~September 30,~~] July 1, 2009,
4 whether or not sold at wholesale, or if not sold then
5 at the same rate upon the use by the wholesaler or
6 dealer;
- 7 (9) An excise tax equal to [~~12.00~~] 14.00 cents for each
8 cigarette sold, used, or possessed by a wholesaler or
9 dealer on and after [~~September 30,~~] July 1, 2010,
10 whether or not sold at wholesale, or if not sold then
11 at the same rate upon the use by the wholesaler or
12 dealer;
- 13 (10) An excise tax equal to [~~13.00~~] 15.00 cents for each
14 cigarette sold, used, or possessed by a wholesaler or
15 dealer on and after [~~September 30,~~] July 1, 2011,
16 whether or not sold at wholesale, or if not sold then
17 at the same rate upon the use by the wholesaler or
18 dealer; and
- 19 (11) An excise tax equal to forty per cent of the wholesale
20 price of each article or item of tobacco products sold
21 by the wholesaler or dealer, whether or not sold at



1 wholesale, or if not sold then at the same rate upon
2 the use by the wholesaler or dealer.

3 Where the tax imposed has been paid on cigarettes or tobacco
4 products that thereafter become the subject of a casualty loss
5 deduction allowable under chapter 235, the tax paid shall be
6 refunded or credited to the account of the wholesaler or
7 dealer. The tax shall be applied to cigarettes through the use
8 of stamps."

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

11 "**§245-15 Disposition of revenues.** All moneys collected
12 pursuant to this chapter shall be paid into the state treasury
13 as state realizations to be kept and accounted for as provided
14 by law; provided that, of the moneys collected under the tax
15 imposed pursuant to:

16 (1) Section 245-3(a)(5), after September 30, 2006, and
17 prior to October 1, 2007, 1.0 cent per cigarette shall
18 be deposited to the credit of the Hawaii cancer
19 research special fund, established pursuant to section
20 304A-2168, for research and operating expenses and for
21 capital expenditures;



- 1 (2) Section 245-3(a)(6), after September 30, 2007, and
2 prior to October 1, 2008:
- 3 (A) 1.5 cents per cigarette shall be deposited to the
4 credit of the Hawaii cancer research special
5 fund, established pursuant to section 304A-2168,
6 for research and operating expenses and for
7 capital expenditures;
- 8 (B) 0.25 cents per cigarette shall be deposited to
9 the credit of the trauma system special fund
10 established pursuant to section 321-22.5; and
- 11 (C) 0.25 cents per cigarette shall be deposited to
12 the credit of the emergency medical services
13 special fund established pursuant to section 321-
14 234;
- 15 (3) Section 245-3(a)(7), after September 30, 2008, and
16 prior to [~~October 1,~~] July 1, 2009:
- 17 (A) 2.0 cents per cigarette shall be deposited to the
18 credit of the Hawaii cancer research special
19 fund, established pursuant to section 304A-2168,
20 for research and operating expenses and for
21 capital expenditures;



1 (B) 0.5 cents per cigarette shall be deposited to the
2 credit of the trauma system special fund
3 established pursuant to section 321-22.5;

4 (C) 0.25 cents per cigarette shall be deposited to
5 the credit of the community health centers
6 special fund; and

7 (D) 0.25 cents per cigarette shall be deposited to
8 the credit of the emergency medical services
9 special fund established pursuant to section 321-
10 234;

11 (4) Section 245-3(a)(8), after [~~September 30,~~] June 30,
12 2009, and prior to [~~October 1,~~] July 1, 2010:

13 (A) 2.0 cents per cigarette shall be deposited to the
14 credit of the Hawaii cancer research special
15 fund, established pursuant to section 304A-2168,
16 for research and operating expenses and for
17 capital expenditures;

18 (B) 0.75 cents per cigarette shall be deposited to
19 the credit of the trauma system special fund
20 established pursuant to section 321-22.5;



- 1 (C) 0.75 cents per cigarette shall be deposited to
2 the credit of the community health centers
3 special fund; and
- 4 (D) 0.5 cents per cigarette shall be deposited to the
5 credit of the emergency medical services special
6 fund established pursuant to section 321-234;
- 7 (5) Section 245-3(a)(9), after [~~September 30,~~] June 30,
8 2010 and prior to [~~October 1,~~] July 1, 2011:
- 9 (A) 2.0 cents per cigarette shall be deposited to the
10 credit of the Hawaii cancer research special
11 fund, established pursuant to section 304A-2168,
12 for research and operating expenses and for
13 capital expenditures;
- 14 (B) 1.0 cent per cigarette shall be deposited to the
15 credit of the trauma system special fund
16 established pursuant to section 321-22.5;
- 17 (C) 1.0 cent per cigarette shall be deposited to the
18 credit of the community health centers special
19 fund; and
- 20 (D) 1.0 cent per cigarette shall be deposited to the
21 credit of the emergency medical services special
22 fund established pursuant to section 321-234; and



1 (6) Section 245-3(a)(10), after [~~September 30,~~] June 30,
2 2011, and thereafter:

3 (A) 2.0 cents per cigarette shall be deposited to the
4 credit of the Hawaii cancer research special
5 fund, established pursuant to section 304A-2168,
6 for research and operating expenses and for
7 capital expenditures;

8 (B) 1.5 cents per cigarette shall be deposited to the
9 credit of the trauma system special fund
10 established pursuant to section 321-22.5;

11 (C) 1.25 cents per cigarette shall be deposited to
12 the credit of the community health centers
13 special fund; and

14 (D) 1.25 cents per cigarette shall be deposited to
15 the credit of the emergency medical services
16 special fund established pursuant to section
17 321-234.

18 The department shall provide an annual accounting of these
19 dispositions to the legislature."

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

22 SECTION 4. This Act shall take effect on June 30, 2009.



H.B. NO. 1175
H.D. 3
S.D. 2
C.D. 1

Report Title:

Cigarette Tax Increase

Description:

Increases the per-cigarette tax to 13 cents beginning July 1, 2009, 14 cents beginning July 1, 2010, and 15 cents beginning on July 1, 2011. (HB1175 CD1)

HB1175 CD1 HMS 2009-3825

