
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:

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~~] 20.00 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 cents for each cigarette~~
8 ~~sold, used, or possessed by a wholesaler or dealer on~~
9 ~~and after September 30, 2010, whether or not sold at~~
10 ~~wholesale, or if not sold then at the same rate upon~~
11 ~~the use by the wholesaler or dealer;~~
- 12 [~~(10) An excise tax equal to 13.00 cents for each cigarette~~
13 ~~sold, used, or possessed by a wholesaler or dealer on~~
14 ~~and after September 30, 2011, whether or not sold at~~
15 ~~wholesale, or if not sold then at the same rate upon~~
16 ~~the use by the wholesaler or dealer;~~] and
- 17 [~~(11)~~] (9) An excise tax equal to forty per cent of the
18 wholesale price of each article or item of tobacco
19 products sold by the wholesaler or dealer, whether or
20 not sold at wholesale, or if not sold then at the same
21 rate upon the use by the wholesaler or dealer.

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

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

9 **"§245-15 Disposition of revenues.** All moneys collected
10 pursuant to this chapter shall be paid into the state treasury
11 as state realizations to be kept and accounted for as provided
12 by law; provided that, of the moneys collected under the tax
13 imposed pursuant to:

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

20 (2) Section 245-3(a) (6), after September 30, 2007, and
21 prior to October 1, 2008:

1 (A) 1.5 cents per cigarette shall be deposited to the
2 credit of the Hawaii cancer research special
3 fund, established pursuant to section 304A-2168,
4 for research and operating expenses and for
5 capital expenditures;

6 (B) 0.25 cents per cigarette shall be deposited to
7 the credit of the trauma system special fund
8 established pursuant to section 321-22.5; and

9 (C) 0.25 cents per cigarette shall be deposited to
10 the credit of the emergency medical services
11 special fund established pursuant to section 321-
12 234;

13 (3) Section 245-3(a)(7), after September 30, 2008, and
14 prior to October 1, 2009:

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

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

- 1 (C) 0.25 cents per cigarette shall be deposited to
2 the credit of the community health centers
3 special fund; and
- 4 (D) 0.25 cents per cigarette shall be deposited to
5 the credit of the emergency medical services
6 special fund established pursuant to section 321-
7 234;
- 8 (4) Section 245-3(a) (8), after [~~September 30,~~] July 1,
9 2009, and prior to October 1, 2010:
- 10 (A) 2.0 cents per cigarette shall be deposited to the
11 credit of the Hawaii cancer research special
12 fund, established pursuant to section 304A-2168,
13 for research and operating expenses and for
14 capital expenditures;
- 15 (B) 0.75 cents per cigarette shall be deposited to
16 the credit of the trauma system special fund
17 established pursuant to section 321-22.5;
- 18 (C) 0.75 cents per cigarette shall be deposited to
19 the credit of the community health centers
20 special fund; [~~and~~]

1 (D) 0.5 cents per cigarette shall be deposited to the
2 credit of the emergency medical services special
3 fund established pursuant to section 321-234; and

4 (E) _____ per cent of the remaining amount of tax
5 collected pursuant to section 245-3(a)(8) shall
6 be deposited to the credit of the Hawaii tobacco
7 prevention and control trust fund established
8 pursuant to section 328L-5;

9 (5) Section [~~245-3(a)(9),~~] 245-3(a)(8), after September
10 30, 2010, and prior to October 1, 2011:

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

16 (B) 1.0 cent per cigarette shall be deposited to the
17 credit of the trauma system special fund
18 established pursuant to section 321-22.5;

19 (C) 1.0 cent per cigarette shall be deposited to the
20 credit of the community health centers special
21 fund; [~~and~~]

- 1 (D) 1.0 cent per cigarette shall be deposited to the
2 credit of the emergency medical services special
3 fund established pursuant to section 321-234; and
4 (E) _____ per cent of the remaining amount of tax
5 collected pursuant to section 245-3(a)(8) shall
6 be deposited to the credit of the Hawaii tobacco
7 prevention and control trust fund established
8 pursuant to section 328L-5; and
- 9 (6) Section [~~245-3(a)(10),~~] 245-3(a)(8), after September
10 30, 2011, and thereafter:
- 11 (A) 2.0 cents per cigarette shall be deposited to the
12 credit of the Hawaii cancer research special
13 fund, established pursuant to section 304A-2168,
14 for research and operating expenses and for
15 capital expenditures;
- 16 (B) 1.5 cents per cigarette shall be deposited to the
17 credit of the trauma system special fund
18 established pursuant to section 321-22.5;
- 19 (C) 1.25 cents per cigarette shall be deposited to
20 the credit of the community health centers
21 special fund; [~~and~~]

1 (D) 1.25 cents per cigarette shall be deposited to
2 the credit of the emergency medical services
3 special fund established pursuant to section
4 321-234~~[...]~~; and

5 (E) per cent of the remaining amount of tax
6 collected pursuant to section 245-3(a)(8) shall
7 be deposited to the credit of the Hawaii tobacco
8 prevention and control trust fund established
9 pursuant to section 328L-5.

10 The department shall provide an annual accounting of these
11 dispositions to the legislature."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 2009.

Report Title:

Cigarette Tax Increase

Description:

Increases the cigarette tax from 10 cents per cigarette to 20 cents per cigarette beginning July 1, 2009. (SD1)