
A BILL FOR AN ACT

RELATING TO TAX ON TOBACCO PRODUCTS OTHER THAN CIGARETTES.

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

1 SECTION 1. The legislature finds that, according to the
2 University of Minnesota, of the estimated ten million users of
3 smokeless tobacco, three million are under the age of twenty-
4 one. Almost twenty-five per cent of young users start by the
5 sixth grade, and almost seventy-five per cent start by the ninth
6 grade. In 1970, young males ages seventeen to nineteen used
7 smokeless tobacco the least of any age group. Today, usage by
8 males of these ages is the highest of any age group. In
9 America, more than three per cent of adult males, and less than
10 one per cent of females, use smokeless tobacco. Among youth in
11 grades nine to twelve, eight per cent use smokeless tobacco at
12 least once a month and two to three per cent use it daily.

13 Chewing, or smokeless, tobacco contains over two thousand
14 chemicals, many of which have been directly related to causing
15 cancer, especially in the oral cavity. Studies have revealed
16 potent carcinogens in chewing tobacco and snuff. The major
17 carcinogens in smokeless tobacco are nitrosamines, polynuclear

1 aromatic hydrocarbons, and radioactive and metallic compounds.
2 The nitrosamine content of smokeless tobacco exceeds more than
3 one thousand times the nitrosamine content allowed by the United
4 States Food and Drug Administration in products such as beer and
5 bacon.

6 Oral cancer has been shown to occur several times more
7 frequently among individuals who use smokeless tobacco than
8 nontobacco users, and the excess risk of cancers of the cheek
9 and gum reaches nearly fifty-fold among long-term snuff users.
10 Smokeless tobacco is also associated with cancers of the
11 esophagus, larynx, and stomach and an increased risk of heart
12 attacks and other cardiovascular diseases. About forty to sixty
13 per cent of smokeless tobacco users exhibit leukoplakia, which
14 is regarded as precancerous with a malignant transformation rate
15 of two to six per cent, in the area where the quid is held,
16 usually within a few months of beginning regular use.

17 Using smokeless tobacco is also addictive. The nicotine in
18 smokeless tobacco and snuff is absorbed directly into the
19 bloodstream. An individual who uses smokeless tobacco has a
20 similar, or even higher, level of nicotine than a smoker who
21 smokes a pack or more a day.

1 The purpose of this Act is to increase deterrents against
2 the use of tobacco products other than cigarettes, including
3 smokeless tobacco, snuff, cigars, and pipe tobacco.

4 SECTION 2. Section 245-1, Hawaii Revised Statutes, is
5 amended by amending the definition of "tobacco products" to read
6 as follows:

7 ""Tobacco products" means tobacco in any form other than
8 cigarettes, that is prepared or intended for consumption by[~~r~~]
9 or [~~the~~] for personal use [~~of, humans~~], including cigars and any
10 substitutes thereof other than cigarettes [~~which~~] that bear the
11 semblance thereof, snuff, chewing or smokeless tobacco, and
12 smoking or pipe tobacco."

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

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

18 (1) An excise tax equal to 5.00 cents for each cigarette
19 sold, used, or, possessed by a wholesaler or dealer
20 after June 30, 1998, 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 (2) An excise tax equal to 6.00 cents for each cigarette
2 sold, used, or possessed by a wholesaler or dealer
3 after September 30, 2002, whether or not sold at
4 wholesale, or if not sold then at the same rate upon
5 the use by the wholesaler or dealer;
- 6 (3) An excise tax equal to 6.50 cents for each cigarette
7 sold, used, or possessed by a wholesaler or dealer
8 after June 30, 2003, 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 (4) An excise tax equal to 7.00 cents for each cigarette
12 sold, used, or possessed by a wholesaler or dealer
13 after June 30, 2004, whether or not sold at wholesale,
14 or if not sold then at the same rate upon the use by
15 the wholesaler or dealer;
- 16 (5) An excise tax equal to 8.00 cents for each cigarette
17 sold, used, or possessed by a wholesaler or dealer on
18 and after September 30, 2006, whether or not sold at
19 wholesale, or if not sold then at the same rate upon
20 the use by the wholesaler or dealer;
- 21 (6) An excise tax equal to 9.00 cents for each cigarette
22 sold, used, or possessed by a wholesaler or dealer on

1 and after September 30, 2007, whether or not sold at
2 wholesale, or if not sold then at the same rate upon
3 the use by the wholesaler or dealer;

4 (7) An excise tax equal to 10.00 cents for each cigarette
5 sold, used, or possessed by a wholesaler or dealer on
6 and after September 30, 2008, whether or not sold at
7 wholesale, or if not sold then at the same rate upon
8 the use by the wholesaler or dealer;

9 (8) An excise tax equal to 11.00 cents for each cigarette
10 sold, used, or possessed by a wholesaler or dealer on
11 and after September 30, 2009, whether or not sold at
12 wholesale, or if not sold then at the same rate upon
13 the use by the wholesaler or dealer;

14 (9) An excise tax equal to 12.00 cents for each cigarette
15 sold, used, or possessed by a wholesaler or dealer on
16 and after September 30, 2010, whether or not sold at
17 wholesale, or if not sold then at the same rate upon
18 the use by the wholesaler or dealer;

19 (10) An excise tax equal to 13.00 cents for each cigarette
20 sold, used, or possessed by a wholesaler or dealer on
21 and after September 30, 2011, 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; and

3 (11) An excise tax equal to:

4 (A) ~~[forty]~~ Sixty per cent of the wholesale price of
5 each article or item of tobacco products sold by
6 the wholesaler or dealer~~[7]~~ on and after
7 September 30, 2009, whether or not sold at
8 wholesale, or if not sold then at the same rate
9 upon the use by the wholesaler or dealer~~[7]~~ ;

10 (B) Seventy per cent of the wholesale price of each
11 article or item of tobacco products sold by the
12 wholesaler or dealer on and after September 30,
13 2010, whether or not sold at wholesale, or if not
14 sold then at the same rate upon the use by the
15 wholesaler or dealer; and

16 (C) Ninety per cent of the wholesale price of each
17 article or item of tobacco products sold by the
18 wholesaler or dealer on and after September 30,
19 2011, whether or not sold at wholesale, or if not
20 sold then at the same rate upon the use by the
21 wholesaler or dealer.

22

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 dealer.
5 The tax shall be applied to cigarettes through the use of
6 stamps."

7 SECTION 4. 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[+] established pursuant to section
4 321-1.65; and

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

9 (4) Section 245-3(a) (8), after September 30, 2009, and
10 prior to October 1, 2010:

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

19 (C) 0.75 cents per cigarette shall be deposited to
20 the credit of the community health centers
21 special fund[+] established pursuant to section
22 321-1.65; 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;
- 4 (5) Section 245-3(a)(9), after September 30, 2010, and
5 prior to October 1, 2011:
- 6 (A) 2.0 cents per cigarette shall be deposited to the
7 credit of the Hawaii cancer research special
8 fund, established pursuant to section 304A-2168,
9 for research and operating expenses and for
10 capital expenditures;
- 11 (B) 1.0 cent per cigarette shall be deposited to the
12 credit of the trauma system special fund
13 established pursuant to section 321-22.5;
- 14 (C) 1.0 cent per cigarette shall be deposited to the
15 credit of the community health centers special
16 fund[~~r~~] established pursuant to section 321-1.65;
17 and
- 18 (D) 1.0 cent per cigarette shall be deposited to the
19 credit of the emergency medical services special
20 fund established pursuant to section 321-234;
21 [~~and~~]

1 (6) Section 245-3(a)(10), after September 30, 2011, and
2 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[+] established pursuant to section
14 321-1.65; and

15 (D) 1.25 cents per cigarette shall be deposited to
16 the credit of the emergency medical services
17 special fund established pursuant to section 321-
18 234[-]; and

19 (7) Section 245-3(a)(11), after September 30, 2009, and
20 thereafter:

21 (A) _____ per cent of the amount of tax collected on
22 tobacco products shall be deposited to the credit

1 of the community health centers special fund
2 established pursuant to section 321-1.65;
3 (B) per cent of the amount of tax collected on
4 tobacco products shall be deposited to the credit
5 of the health systems special fund established
6 pursuant to section 323F-21; and
7 (C) per cent of the amount of tax collected on
8 tobacco products shall be deposited to the credit
9 of the Hawaii tobacco prevention and control
10 trust fund established pursuant to section
11 328L-5.

12 The department shall provide an annual accounting of these
13 dispositions to the legislature."

14 SECTION 5. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2050;
17 provided that the amendments made to section 245-1, Hawaii
18 Revised Statutes, by this Act shall not be repealed when that
19 section is reenacted on July 1, 2009, pursuant to section 9 of
20 Act 131, Session Laws of Hawaii 2005.

21

Report Title:

Tobacco Products Tax Increase; Community Health Centers Special Fund; Tobacco Prevention

Description:

Increases the tobacco tax on tobacco products other than cigarettes from 40% to 60% in 2009, 70% in 2010, and 90% in 2011, of the wholesale price and deposits an unspecified percentage of the proceeds collected into the community health centers special fund, the health systems special fund, and the Hawaii tobacco prevention and control trust fund. Effective 7/1/50. (SD2)