

Honolulu, Hawaii

April 20, 2009

RE: H.B. No. 895
H.D. 2
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 895, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAX ON TOBACCO PRODUCTS OTHER THAN CIGARETTES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to increase deterrents against the use of tobacco products other than cigarettes, including smokeless tobacco, snuff, cigars, and pipe tobacco and ensure funding for health care programs by:

- (1) Increasing the tobacco tax on the wholesale price of tobacco products other than cigarettes from 40 percent to 60 percent in 2009; 70 percent in 2010; and 90 percent in 2011; and



- (2) Depositing unspecified percentages of the taxes collected into the Community Health Centers Special Fund, the Health Systems Special Fund, and the Hawaii Tobacco Prevention and Control Trust Fund.

Your Committee on Conference has amended this bill by:

- (1) Providing a definition of the term "little cigar";
- (2) Establishing an excise tax of 11 cents for each little cigar sold, used, or possessed by a wholesaler or dealer on and after October 1, 2009; 12 cents on and after September 30, 2010; and 13 cents on and after September 30, 2011;
- (3) Establishing an increase of the tobacco tax on tobacco products other than certain sized cigars, little cigars, and cigarettes from 40 percent to 70 percent beginning on September 30, 2009;
- (4) Increasing the tobacco tax on cigars with a ring gauge of 30 or more (.467 inches in diameter or more), of any length, from 40 percent to 50 percent beginning on September 30, 2009;
- (5) Providing that 100 percent of the increase in funds collected will be deposited in the general fund;
- (6) Changing the effective date to upon its approval; and
- (7) Making technical, nonsubstantive changes for clarity, consistency, and style.

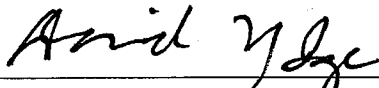
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 895, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 895, H.D. 2, S.D. 2, C.D. 1.



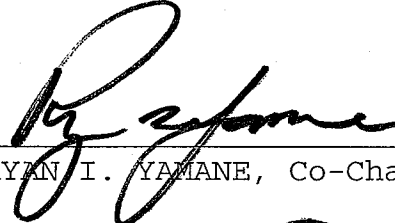
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



DAVID Y. IGE, Chair



RYAN I. YAMANE, Co-Chair



DONNA MERCADO KIM, Co-Chair



MARCUS R. OSHIRO, Co-Chair



Hawaii State Legislature

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: HB 895, HD 2, SD 2 Date/Time: April 18th, 2009: 5:25p

[X] The recommendation of the House and Senate managers is to pass with amendments (CD).

[] The Committee is reconsidering its previous decision.

[] The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

[] The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Table with 4 columns for Senate Managers (A, WR, N, E) and 4 columns for House Managers (A, WR, N, E). Rows list names like IGE, David Y., Chr. and YAMANE, Ryan I., Co-Chr. with checkmarks in the A column.

TOTAL 3

TOTAL 5 1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: [X] Adopted [] Not Adopted

House Recommendation is: [X] Adopted [] Not Adopted

Senate Lead Chair's or Designee's Signature:

House Lead Chair's or Designee's Signature:

David Y. Ige

Ryan I. Yamane

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