

STAND. COM. REP. NO. 807

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 895
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 895, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to deter the use of tobacco products other than cigarettes, including smokeless tobacco, snuff, cigars, and pipe tobacco, by:

- (1) Increasing the tobacco tax on such products from 40 percent to 60 percent of the wholesale price; and
- (2) Requiring that 33.3 percent of the proceeds collected be deposited into the Community Health Centers Special Fund.

The American Cancer Society, American Lung Association in Hawaii, Hawaii COPD Coalition, Hawaii Primary Care Association, Coalition for a Tobacco-Free Hawaii, and several concerned individuals supported this bill. The Department of Budget and Finance, Cigar Association of America, Inc., and Hawaiian Isles Enterprises opposed this measure. The Department of Taxation, American Heart Association, South Pacific Pipes and Cigars, and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

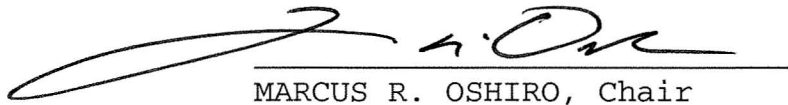
HB895 HD2 HSCR FIN HMS 2009-2580



- (1) Increasing the tobacco tax from 40 percent to 80 percent of the wholesale price of each article or item of tobacco products;
- (2) Deleting the percentage of the proceeds to be deposited into the Community Health Centers Special Fund to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for consistency and clarity.

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

Respectfully submitted on
behalf of the members of the
Committee on Finance,



MARCUS R. OSHIRO, Chair



