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# A BILL FOR AN ACT

RELATING TO TOBACCO.

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

1           SECTION 1. The direct relationship between tobacco use and  
2 cancer has been publicly known for over fifty years. In  
3 addition, many studies show that as the cost of cigarettes  
4 rises, use decreases. As use decreases, costs due to cigarette-  
5 related diseases decrease as well.

6           In Hawaii, while the general excise tax on cigarettes has  
7 been raised over the past fifteen years, the general excise tax  
8 on other tobacco products (OTPs) hasn't been raised since 1965  
9 when all tobacco products, including cigarettes, were taxed at  
10 twenty per cent. In 1993, the tax on cigarettes was  
11 differentiated from the overall forty per cent tax on tobacco  
12 products and taxed at three cents per cigarette. Since then,  
13 the cigarette tax has been raised to its current ten cents per  
14 cigarette with further raises due over the next three years. By  
15 September 30, 2011, the tax will equal 13 cents per cigarette  
16 after which no further increases are mandated. Therefore, while  
17 the tax per cigarette has increased from twenty per cent in 1965



1 (less than .5 cents per cigarette) to 13 cents per cigarette (by  
2 2011), the tax on OTPs has not changed in forty-three years.

3 In 2007, revenues from the general excise tax on OTPs  
4 equaled \$2.97 million. By doubling this tax to eighty per cent,  
5 the state could realize an additional \$2.97 million in revenue,  
6 tripling could provide an additional \$5.66 million, and  
7 quadrupling, \$8.49 million in revenue.

8 Furthermore, because of the direct link between tobacco and  
9 cancer, it is reasonable that a portion of any tax increase in  
10 tobacco products be used for cancer screening and prevention and  
11 to improve the lives of Hawaii's residents.

12 The purpose of this Act is to raise the tax on OTPs. In  
13 addition, a percentage of these additional revenues will be  
14 designated for use in cervical and breast cancer screening and  
15 the department of health's healthy start program.

16 SECTION 2. Chapter 321, part III, Hawaii Revised Statutes,  
17 is amended by adding a new section to be appropriately  
18 designated and to read as follows:

19 **"§321- Cervical and breast cancer screening special**  
20 **fund.** (a) There is established within the state treasury to be  
21 administered by the department, the cervical and breast cancer



1 screening special fund, into which shall be deposited all moneys  
2 received pursuant to section 245-15-(7).

3 All interest on special fund balances shall accrue to the  
4 special fund.

5 (b) Moneys in the cervical and breast cancer screening  
6 special fund shall be used to pay for the costs of cervical and  
7 breast cancer screening."

8 SECTION 3. Chapter 321, part XXV, Hawaii Revised Statutes,  
9 is amended by adding a new section to be appropriately  
10 designated and to read as follows:

11 "§321- Healthy start special fund. (a) There is  
12 established within the state treasury to be administered by the  
13 department, the healthy start special fund, into which shall be  
14 deposited all moneys received pursuant to section 245-15(7).

15 (b) Moneys in the healthy start special fund shall be used  
16 to expand the healthy start program."

17 SECTION 4. Section 245-3, Hawaii Revised Statutes, is  
18 amended by amending subsection (a) to read as follows:

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



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



- 1           and after September 30, 2006, 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           (6) An excise tax equal to 9.00 cents for each cigarette  
5           sold, used, or possessed by a wholesaler or dealer on  
6           and after September 30, 2007, 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           (7) An excise tax equal to 10.00 cents for each cigarette  
10          sold, used, or possessed by a wholesaler or dealer on  
11          and after September 30, 2008, 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          (8) An excise tax equal to 11.00 cents for each cigarette  
15          sold, used, or possessed by a wholesaler or dealer on  
16          and after September 30, 2009, 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          (9) An excise tax equal to 12.00 cents for each cigarette  
20          sold, used, or possessed by a wholesaler or dealer on  
21          and after September 30, 2010, 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           (10) An excise tax equal to 13.00 cents for each cigarette  
4           sold, used, or possessed by a wholesaler or dealer on  
5           and after September 30, 2011, whether or not sold at  
6           wholesale, or if not sold then at the same rate upon  
7           the use by the wholesaler or dealer; and

8           (11) An excise tax equal to [~~forty~~] \_\_\_\_\_ per cent of the  
9           wholesale price of each article or item of tobacco  
10          products sold by the wholesaler or dealer, whether or  
11          not sold at wholesale, or if not sold then at the same  
12          rate upon the use by the wholesaler or dealer.

13       Where the tax imposed has been paid on cigarettes or tobacco  
14       products that thereafter become the subject of a casualty loss  
15       deduction allowable under chapter 235, the tax paid shall be  
16       refunded or credited to the account of the wholesaler or dealer.  
17       The tax shall be applied to cigarettes through the use of  
18       stamps."

19           SECTION 5. Section 245-15, Hawaii Revised Statutes, is  
20       amended to read as follows:

21           "**§245-15 Disposition of revenues.** All moneys collected  
22       pursuant to this chapter shall be paid into the state treasury



1 as state realizations to be kept and accounted for as provided  
2 by law; provided that, of the moneys collected under the tax  
3 imposed pursuant to:

4 (1) Section 245-3(a)(5), after September 30, 2006, and  
5 prior to October 1, 2007, 1.0 cent per cigarette shall  
6 be deposited to the credit of the Hawaii cancer  
7 research special fund, established pursuant to section  
8 304A-2168, for research and operating expenses and for  
9 capital expenditures;

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

12 (A) 1.5 cents per cigarette shall be deposited to the  
13 credit of the Hawaii cancer research special  
14 fund, established pursuant to section 304A-2168,  
15 for research and operating expenses and for  
16 capital expenditures;

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

20 (C) 0.25 cents per cigarette shall be deposited to  
21 the credit of the emergency medical services



1 special fund established pursuant to section 321-  
2 234;

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

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

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

13 (C) 0.25 cents per cigarette shall be deposited to  
14 the credit of the community health centers  
15 special fund; and

16 (D) 0.25 cents per cigarette shall be deposited to  
17 the credit of the emergency medical services  
18 special fund established pursuant to section 321-  
19 234;

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





- 1 (A) 2.0 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) 0.75 cents per cigarette shall be deposited to
- 7 the credit of the trauma system special fund
- 8 established pursuant to section 321-22.5;
- 9 (C) 0.75 cents per cigarette shall be deposited to
- 10 the credit of the community health centers
- 11 special fund; and
- 12 (D) 0.5 cents per cigarette shall be deposited to the
- 13 credit of the emergency medical services special
- 14 fund established pursuant to section 321-234;
- 15 (5) Section 245-3(a)(9), after September 30, 2010, and
- 16 prior to October 1, 2011:
- 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) 1.0 cent 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) 1.0 cent per cigarette shall be deposited to the  
5 credit of the community health centers special  
6 fund; and
- 7 (D) 1.0 cent per cigarette shall be deposited to the  
8 credit of the emergency medical services special  
9 fund established pursuant to section 321-234;  
10 [and]
- 11 (6) Section 245-3(a)(10), after September 30, 2011, and  
12 thereafter:
- 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) 1.5 cents per cigarette shall be deposited to the  
19 credit of the trauma system special fund  
20 established pursuant to section 321-22.5;



1 (C) 1.25 cents per cigarette shall be deposited to  
2 the credit of the community health centers  
3 special fund; [~~and~~]

4 (D) 1.25 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 and

9 (7) Section 245-3(a)(11):

10 (A) \_\_\_\_\_ per cent of the revenues shall be deposited  
11 into the healthy start special fund established  
12 pursuant to section 321-\_\_\_\_\_ ; and

13 (B) \_\_\_\_\_ per cent of the revenues shall be deposited  
14 into the special fund for cervical and breast  
15 cancer screening established pursuant to section  
16 321-\_\_\_\_\_ .

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

19 SECTION 6. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



1 SECTION 7. This Act shall take effect on January 1, 2050,  
2 and shall apply to taxable years beginning after December 31,  
3 2009.



**Report Title:**

Tobacco Products; General Excise Tax; Cancer Screening Special Fund; Healthy Start Special Fund

**Description:**

Increases the general excise tax on tobacco products other than cigarettes; designates a percentage of this increase to cervical and breast cancer screening and the Healthy Start program.

(HB1527 HD1)

