
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to:

- 2 (1) Provide a new definition for "large cigars" and
3 include large cigars in the definition of "tobacco
4 products";
- 5 (2) Amend the current definition of "little cigars" to a
6 definition that is more appropriate to these products;
- 7 (3) Exclude large cigars from the excise tax of seventy
8 per cent on the wholesale price of each article or
9 item of tobacco products paid by wholesalers and
10 dealers; and
- 11 (4) Limit the excise tax equal of fifty per cent on the
12 wholesale price of each cigar paid by wholesalers and
13 dealers.

14 SECTION 2. Section 245-1, Hawaii Revised Statutes, is
15 amended as follows:

- 16 1. By adding a new definition to be appropriately
17 inserted and to read:



1 "Large cigar" means any roll for smoking made wholly or in
2 part of tobacco if such product is wrapped in any substance
3 containing tobacco and weighs more than four pounds per
4 thousand."

5 2. By amending the definitions of "little cigar" and
6 "tobacco products" to read:

7 "Little cigar" means any roll for smoking made wholly or
8 in part of tobacco if such product is wrapped in any substance
9 containing tobacco, [~~with a ring gauge of less than thirty (less~~
10 ~~than .467 inches in diameter), of any length.] other than
11 natural leaf tobacco, and weighs not more than four pounds per
12 thousand rolls.~~

13 "Tobacco products" means tobacco in any form, other than
14 cigarettes or little cigars, that is prepared or intended for
15 consumption or for personal use by humans, including large
16 cigars and any substitutes thereof other than cigarettes that
17 bear the semblance thereof, snuff, chewing or smokeless tobacco,
18 and smoking or pipe tobacco."

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



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

4 (1) An excise tax equal to 5.00 cents for each cigarette
5 sold, used, or possessed by a wholesaler or dealer
6 after June 30, 1998, whether or not sold at wholesale,
7 or if not sold then at the same rate upon the use by
8 the wholesaler or dealer;

9 (2) An excise tax equal to 6.00 cents for each cigarette
10 sold, used, or possessed by a wholesaler or dealer
11 after September 30, 2002, 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 (3) An excise tax equal to 6.50 cents for each cigarette
15 sold, used, or possessed by a wholesaler or dealer
16 after June 30, 2003, whether or not sold at wholesale,
17 or if not sold then at the same rate upon the use by
18 the wholesaler or dealer;

19 (4) An excise tax equal to 7.00 cents for each cigarette
20 sold, used, or possessed by a wholesaler or dealer
21 after June 30, 2004, 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 (5) An excise tax equal to 8.00 cents for each cigarette
4 sold, used, or possessed by a wholesaler or dealer on
5 and after September 30, 2006, 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;
- 8 (6) An excise tax equal to 9.00 cents for each cigarette
9 sold, used, or possessed by a wholesaler or dealer on
10 and after September 30, 2007, 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 (7) An excise tax equal to 10.00 cents for each cigarette
14 sold, used, or possessed by a wholesaler or dealer on
15 and after September 30, 2008, 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 (8) An excise tax equal to 13.00 cents for each cigarette
19 sold, used, or possessed by a wholesaler or dealer on
20 and after July 1, 2009, 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 (9) An excise tax equal to 11.00 cents for each little
2 cigar sold, used, or possessed by a wholesaler or
3 dealer on and after October 1, 2009, whether or not
4 sold at wholesale, or if not sold then at the same
5 rate upon the use by the wholesaler or dealer;
- 6 (10) An excise tax equal to 14.00 cents for each cigarette
7 or little cigar sold, used, or possessed by a
8 wholesaler or dealer on and after July 1, 2010,
9 whether or not sold at wholesale, or if not sold then
10 at the same rate upon the use by the wholesaler or
11 dealer;
- 12 (11) An excise tax equal to 15.00 cents for each cigarette
13 or little cigar sold, used, or possessed by a
14 wholesaler or dealer on and after July 1, 2011,
15 whether or not sold at wholesale, or if not sold then
16 at the same rate upon the use by the wholesaler or
17 dealer;
- 18 (12) [~~Except as provided in paragraph (13), an~~] An excise
19 tax equal to seventy per cent of the wholesale price
20 of each article or item of tobacco products, other
21 than large cigars, sold by the wholesaler or dealer on
22 and after September 30, 2009, 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 (13) An excise tax equal to fifty per cent of the wholesale
4 price of each large cigar [~~with a ring gauge of thirty~~
5 ~~or more (.467 inches in diameter or more),~~] of any
6 length, sold, used, or possessed by a wholesaler or
7 dealer on and after September 30, 2009, whether or not
8 sold at wholesale, or if not sold then at the same
9 rate upon the use by the wholesaler or dealer.

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

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 2010.



Report Title:

Tobacco Products; Little Cigars; Taxation

Description:

Adds a definition for "large cigars". Amends the definitions of "little cigars" and "tobacco products". Specifies that the excise tax equal to 70 percent of the wholesale price of each article or item of tobacco products that must be paid by wholesalers and dealers does not include large cigars. Specifies that the excise tax equal to 50 percent of the wholesale price of each cigar that must be paid by wholesalers and dealers pertains only to large cigars. (SB1230 HD1)

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