
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 addicting. 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 the deterrent
2 against the use of tobacco products other than cigarettes,
3 including 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[7] that is prepared or intended for consumption by[7]
9 or for the personal use of[7] 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 [~~forty~~] sixty per cent of the
4 wholesale price of each article or item of tobacco
5 products sold by the wholesaler or dealer, whether or
6 not sold at wholesale, or if not sold then at the same
7 rate upon the use by the wholesaler or dealer.

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

14 SECTION 4. Section 245-15, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "**§245-15 Disposition of revenues.** All moneys collected
17 pursuant to this chapter shall be paid into the state treasury
18 as state realizations to be kept and accounted for as provided
19 by law; provided that, of the moneys collected under the tax
20 imposed pursuant to:

21 (1) Section 245-3(a)(5), after September 30, 2006, and
22 prior to October 1, 2007, 1.0 cent per cigarette shall

1 be deposited to the credit of the Hawaii cancer
2 research special fund, established pursuant to section
3 304A-2168, for research and operating expenses and for
4 capital expenditures;

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

7 (A) 1.5 cents per cigarette shall be deposited to the
8 credit of the Hawaii cancer research special
9 fund, established pursuant to section 304A-2168,
10 for research and operating expenses and for
11 capital expenditures;

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

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

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

21 (A) 2.0 cents per cigarette shall be deposited to the
22 credit of the Hawaii cancer research special

1 fund, established pursuant to section 304A-2168,
2 for research and operating expenses and for
3 capital expenditures;

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

7 (C) 0.25 cents per cigarette shall be deposited to
8 the credit of the community health centers
9 special fund; and

10 (D) 0.25 cents per cigarette shall be deposited to
11 the credit of the emergency medical services
12 special fund established pursuant to section
13 321-234;

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

16 (A) 2.0 cents per cigarette shall be deposited to the
17 credit of the Hawaii cancer research special
18 fund, established pursuant to section 304A-2168,
19 for research and operating expenses and for
20 capital expenditures;

1 (B) 0.75 cents per cigarette shall be deposited to
2 the credit of the trauma system special fund
3 established pursuant to section 321-22.5;

4 (C) 0.75 cents per cigarette shall be deposited to
5 the credit of the community health centers
6 special fund; and

7 (D) 0.5 cents per cigarette shall be deposited to the
8 credit of the emergency medical services special
9 fund established pursuant to section 321-234;

10 (5) Section 245-3(a) (9), after September 30, 2010, and
11 prior to October 1, 2011:

12 (A) 2.0 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) 1.0 cent per cigarette shall be deposited to the
18 credit of the trauma system special fund
19 established pursuant to section 321-22.5;

20 (C) 1.0 cent per cigarette shall be deposited to the
21 credit of the community health centers special
22 fund; and

1 (D) 1.0 cent per cigarette shall be deposited to the
2 credit of the emergency medical services special
3 fund established pursuant to section 321-234;
4 [~~and~~]

5 (6) Section 245-3(a)(10), after September 30, 2011, and
6 thereafter:

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

12 (B) 1.5 cents per cigarette shall be deposited to the
13 credit of the trauma system special fund
14 established pursuant to section 321-22.5;

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

18 (D) 1.25 cents per cigarette shall be deposited to
19 the credit of the emergency medical services
20 special fund established pursuant to section
21 321-234 [~~-~~]; and

1 (7) Section 245-3(a)(11), after September 30, 2009, and
2 thereafter: thirty-three and one-third per cent of
3 the amount of tax collected on tobacco products other
4 than cigarettes shall be deposited to the credit of
5 the health systems special fund under section 323F-21.

6 The department shall provide an annual accounting of these
7 dispositions to the legislature."

8 SECTION 5. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect on January 1, 2050;
11 provided that the amendment made to section 245-1, Hawaii
12 Revised Statutes, by this Act shall not be repealed when that
13 section is reenacted on July 1, 2009, pursuant to section 9 of
14 Act 131, Session Laws of Hawaii 2005.

15

Report Title:

Tobacco Products Tax Increase; Community Health Centers Special Fund

Description:

Increases the tobacco tax on tobacco products other than cigarettes from 40 per cent to 60 per cent of the wholesale price and deposits 33.3 per cent of the proceeds collected into the health systems special fund. (SD2)