
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 50 years. In addition,
3 many studies show that as the cost of cigarettes rises, use
4 decreases. As use decreases, costs due to cigarette-related
5 diseases decrease as well.

6 In Hawaii, while the general excise tax on cigarettes has
7 been raised over the past 15 years, the general excise tax on
8 other tobacco products (OTPs) hasn't been raised since 1965 when
9 all tobacco products, including cigarettes, were taxed at 20 per
10 cent. In 1993, the tax on cigarettes was differentiated from
11 the overall 40 per cent tax on tobacco products and taxed at
12 three cents per cigarette. Since then, the cigarette tax has
13 been raised to its current ten cents per cigarette with further
14 raises due over the next three years. By September 30, 2011,
15 the tax will equal 13 cents per cigarette after which no further
16 increases are mandated. Therefore, while the tax per cigarette
17 has increased from 20 per cent in 1965 (less than .5 cents per



1 cigarette) to 13 cents per cigarette (by 2011), the tax on OTPs
2 has not changed in 43 years.

3 In 2007, revenues from the general excise tax on OTPs
4 equaled \$2.97 million. By doubling this tax to 80 per cent, the
5 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:



- 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."

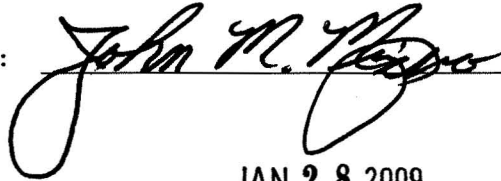
19 SECTION 6. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 7. This Act shall take effect upon its approval
2 and shall apply to taxable years beginning after December 31,
3 2009.

4

INTRODUCED BY:



JAN 28 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.

