

STAND. COM. REP. NO.

642

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 38  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 38, S.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 measure is to protect public health by increasing the tax on tobacco products other than cigarettes, such as smokeless tobacco, snuff, and pipe tobacco, as a deterrent to their use.

Specifically, this measure:

- (1) Amends the definition of "tobacco products" to include smokeless tobacco and pipe tobacco;
- (2) Increases the excise tax on the wholesale price of tobacco products from forty per cent to sixty per cent; and
- (3) Requires taxes collected from tobacco products other than cigarettes to be deposited into the community health centers special fund.

Your Committee received two written comments on this measure. The written comments may be reviewed on the Legislature's website.



Your Committee finds that the tax increase proposed by this measure will protect public health by deterring youth consumption of tobacco products, including smokeless tobacco and pipe tobacco. Your Committee believes that this tax increase is a reasonable deterrent to tobacco consumption and will generate approximately \$5,250,000 in annual revenues, one-third of which will go directly to health care funding.

Your Committee has amended the measure by:

- (1) Replacing the community health centers special fund with the health systems special fund;
- (2) Changing the effective date to January 1, 2050, to facilitate further discussion; and
- (3) Making a technical amendment to the effective date to ensure that the amendments made by this measure to the definition of "tobacco products" is not inadvertently repealed when a previously amended version of section 245-1, Hawaii Revised Statutes, is reenacted on July 1, 2009.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 38, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 38, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

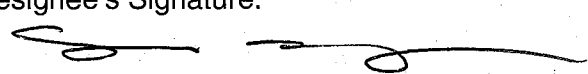


DONNA MERCADO KIM, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 38, SD1	HTH, WAM	MAR 2, 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.				/
TOKUDA, Jill N.	/			
HEMMINGS, Fred	/			
<b>TOTAL</b>	//	0	0	/
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes