
A BILL FOR AN ACT

RELATING TO TOBACCO PRODUCTS.

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

1 SECTION 1. Section 245-3, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Every wholesaler or dealer, in addition to any other
4 taxes provided by law, shall pay for the privilege of conducting
5 business and other activities in the State:

6 (1) An excise tax equal to 5.00 cents for each cigarette¹
7 sold, used, or possessed by a wholesaler or dealer
8 after June 30, 1998, 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 (2) An excise tax equal to 6.00 cents for each cigarette
12 sold, used, or possessed by a wholesaler or dealer
13 after September 30, 2002, whether or not sold at
14 wholesale, or if not sold then at the same rate upon
15 the use by the wholesaler or dealer;

16 (3) An excise tax equal to 6.50 cents for each cigarette
17 sold, used, or possessed by a wholesaler or dealer
18 after June 30, 2003, 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 (4) An excise tax equal to 7.00 cents for each cigarette
4 sold, used, or possessed by a wholesaler or dealer
5 after June 30, 2004, whether or not sold at wholesale,
6 or if not sold then at the same rate upon the use by
7 the wholesaler or dealer;

8 (5) An excise tax equal to 8.00 cents for each cigarette
9 sold, used, or possessed by a wholesaler or dealer on
10 and after September 30, 2006, 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 (6) An excise tax equal to 9.00 cents for each cigarette
14 sold, used, or possessed by a wholesaler or dealer on
15 and after September 30, 2007, 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 (7) An excise tax equal to 10.00 cents for each cigarette
19 sold, used, or possessed by a wholesaler or dealer on
20 and after September 30, 2008, 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 (8) An excise tax equal to 13.00 cents for each cigarette
2 sold, used, or possessed by a wholesaler or dealer on
3 and after July 1, 2009, 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 (9) An excise tax equal to 11.00 cents for each little
7 cigar sold, used, or possessed by a wholesaler or
8 dealer on and after October 1, 2009, whether or not
9 sold at wholesale, or if not sold then at the same
10 rate upon the use by the wholesaler or dealer;
- 11 (10) An excise tax equal to 15.00 cents for each cigarette
12 or little cigar sold, used, or possessed by a
13 wholesaler or dealer on and after July 1, 2010,
14 whether or not sold at wholesale, or if not sold then
15 at the same rate upon the use by the wholesaler or
16 dealer;
- 17 (11) An excise tax equal to 16.00 cents for each cigarette
18 or little cigar sold, used, or possessed by a
19 wholesaler or dealer on and after July 1, 2011,
20 whether or not sold at wholesale, or if not sold then
21 at the same rate upon the use by the wholesaler or
22 dealer;



1 (12) An excise tax equal to [~~seventy per cent of the~~
2 ~~wholesale price of~~] \$ _____ for each article or
3 item of tobacco products, other than large cigars,
4 sold by the wholesaler or dealer on and after
5 ~~[September 30, 2009,]~~ July 1, 2012, whether or not
6 sold at wholesale, or if not sold then at the same
7 rate upon the use by the wholesaler or dealer; [~~and~~]

8 (13) An excise tax equal to fifty per cent of the wholesale
9 price of each large cigar of any length, sold, used,
10 or possessed by a wholesaler or dealer on and after
11 September 30, 2009, whether or not sold at wholesale,
12 or if not sold then at the same rate upon the use by
13 the wholesaler or dealer~~[+]~~; and

14 (14) An excise tax equal to _____ per cent of the wholesale
15 price of each article or item of tobacco products,
16 other than cigars, and for large cigars, an excise tax
17 equal to _____ per cent of the wholesale price for
18 those cigars sold by the wholesaler or dealer on and
19 after July 1, 2012, whether or not sold at wholesale,
20 or if not sold, then at the same rate upon the use by
21 the wholesaler or dealer; provided that:

1 (A) For large cigars, there shall be a minimum tax
2 rate equal to the amount of the total tax on a
3 pack of twenty cigarettes established by this
4 chapter per package of five cigars, with a
5 proportionate tax for any package or quantity of
6 cigars consisting of fewer or more than five
7 cigars; provided that no cigar with a wholesale
8 price of less than \$1.00 per cigar shall be sold
9 in packages of fewer than five;

10 (B) For any tobacco product other than cigarettes or
11 cigars that is offered in discrete single-use
12 lozenges, pouches, pills, capsules or other
13 single-dose or single-use units, or in packages
14 of single-use units, there shall be a minimum tax
15 equal to the amount of the total tax per-
16 cigarette established by this chapter per each
17 single-use unit; provided that all tobacco
18 products subject to this subparagraph shall be
19 sold in packages containing at least twenty
20 individual single-use units;

21 (C) For any smokeless tobacco product that consists
22 of loose tobacco or that is otherwise not subject



1 to subparagraph (B), there shall be a minimum tax
2 equal to the amount of the total tax on a pack of
3 twenty cigarettes established by this chapter per
4 1.2 ounces, with a proportionate tax on any
5 weights of fewer or more than 1.2 ounces, based
6 on the net weight as provided in good faith by
7 the manufacturer; provided that all tobacco
8 products subject to this paragraph shall be sold
9 in packages containing at least one ounce;

10 (D) For roll-your-own tobacco and any other loose
11 tobacco meant for smoking, there shall be a
12 minimum tax equal to the amount of the total tax
13 on a pack of twenty cigarettes established by
14 this chapter per 0.65 ounces with a proportionate
15 tax on any other weights, based on the net weight
16 as provided in good faith by the manufacturer;
17 provided that all tobacco products subject to
18 this subparagraph shall be sold in packages
19 containing at least 0.65 ounces; and

20 (E) For any other tobacco product, there shall be a
21 minimum tax equal to the total tax under this
22 chapter on twenty cigarettes per package or



1 container that contains any tobacco product
2 subject to this subparagraph intended or expected
3 for final sale to consumers, with the tax applied
4 to the smallest package or container in any
5 package or container intended or expected for
6 sale to consumers that contains multiple smaller
7 packages or containers.

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

14 SECTION 2. 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 321-
18 234;

19 (3) Section 245-3(a)(7), after September 30, 2008, and
20 prior to July 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 established pursuant to section 321-
10 1.65; and

11 (D) 0.25 cents per cigarette shall be deposited to
12 the credit of the emergency medical services
13 special fund established pursuant to section 321-
14 234;

15 (4) Section 245-3(a)(8), after June 30, [2009,] 2012, and
16 prior to July 1, 2013:

17 (A) [~~2.0~~] 1.0 cents per cigarette shall be
18 [~~deposited~~] distributed to the [~~credit of the~~
19 ~~Hawaii cancer research special fund, established~~
20 ~~pursuant to section 304A-2168, for research and~~
21 ~~operating expenses and for capital expenditures;~~]
22 department of human services for the purpose of



offsetting costs incurred by that department to
administer the medicaid program;

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

(C) 0.75 cents per cigarette shall be deposited to
the credit of the community health centers
special fund established pursuant to section 321-
1.65; and

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

(5) Section 245-3(a)(11), after June 30, 2013, and
thereafter:

(A) [~~2.0~~] 1.0 cents per cigarette shall be
[~~deposited~~] distributed to the [~~credit of the~~
~~Hawaii cancer research special fund, established~~
~~pursuant to section 304A-2168, for research and~~
~~operating expenses and for capital expenditures;~~]
department of human services for the purpose of
offsetting costs incurred by that department to
administer the medicaid program;



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

(C) 1.25 cents per cigarette shall be deposited to the credit of the community health centers special fund established pursuant to section 321-1.65; [and]

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

(6) Section 245-3(a)(12), after July 1, 2012, and thereafter per article or item of tobacco products, other than large cigars, sold by the wholesaler or dealer on and after July 1, 2012, whether or not sold at wholesale, shall be expended by the department of health for tobacco prevention programs and tobacco dependence treatment services.

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

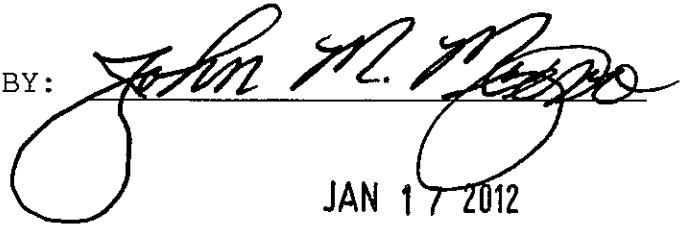
SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect on July 1, 2012.

2

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "John M. Pappas", is written over a horizontal line. The signature is stylized and cursive.

JAN 17 2012



Report Title:

Tobacco Products; Tax

Description:

Imposes an excise tax on tobacco products other than cigarettes, little cigars, and large cigars. Imposes an excise tax on bulk and small quantity purchases of tobacco products and cigars. Requires a portion of the tax to be expended for tobacco prevention programs and services and to the department of health to offset medicaid administrative costs. Effective 7/1/12.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

