

JAN 25 2012

A BILL FOR AN ACT

RELATING TO HEALTH.

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

1 SECTION 1. The legislature finds that Hawaii currently has
2 an estimated shortfall of approximately 600 physicians, as
3 compared with a community of comparable size on the United
4 States mainland. At minimum, Hawaii needs over 200 additional
5 adult primary care providers and is particularly underserved by
6 neurosurgeons, cardiologists, infectious disease specialists,
7 and general surgeons. Geographically, although the problem is
8 most acute on Hawaii island, residents in rural areas throughout
9 the State are beginning to experience problems accessing
10 physician services.

11 The legislature further finds that physician statistical
12 supply-demand models indicate that if significant changes are
13 not made soon in the medical care delivery system, recruitment
14 and retention effectiveness, and the number of doctors that are
15 trained in the State, Hawaii will have a shortage of over 1,600
16 physicians by 2020. These imbalances are driven principally by
17 population growth and aging, and the anticipated loss of over 40
18 per cent of currently practicing physicians to retirement.



1 One means of expanding recruitment and retention of primary
2 care physicians is the enhancement of incentives for physicians
3 to practice on neighbor islands and rural Oahu, including the
4 creation of a medical loan forgiveness program.

5 The purpose of this Act is to increase the excise tax on
6 cigarettes and small cigars and use cigarette tax revenue, among
7 other funding sources, to establish a medical loan forgiveness
8 program.

9 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
10 amended by adding a new section to be appropriately designated
11 and to read as follows:

12 "§304A- John A. Burns school of medicine medical loan
13 forgiveness program special fund. (a) There is established the
14 John A. Burns school of medicine medical loan forgiveness
15 program special fund, to be administered and expended by the
16 University of Hawaii.

17 (b) The following shall be deposited into the special
18 fund:

19 (1) Appropriations by the legislature;

20 (2) Cigarette tax revenues pursuant to section 245-15(6);



1 (3) Sugar-sweetened beverages tax revenues pursuant to
2 section -14(3) as enacted by Act , Session
3 Laws of Hawaii 2012;

4 (4) Liquor tax revenues pursuant to section 244D-17(3) as
5 enacted by Act , Session Laws of Hawaii 2012;

6 (5) Grants, donations, gifts, or other income received for
7 the purposes of the special fund; and

8 (6) Interest earned or accrued on moneys in the special
9 fund.

10 (c) Moneys in the special fund shall be used to support
11 the John A. Burns school of medicine medical loan forgiveness
12 program for medical students graduating after May 1, 2013.

13 (d) The John A. Burns school of medicine shall submit an
14 annual report to the governor and the legislature accounting for
15 the income, expenditures, and fund balance of the John A. Burns
16 school of medicine medical loan forgiveness program special
17 fund."

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

20 "(a) Every wholesaler or dealer, in addition to any other
21 taxes provided by law, shall pay for the privilege of conducting
22 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 13.00 cents for each cigarette
15 sold, used, or possessed by a wholesaler or dealer on
16 and after July 1, 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 11.00 cents for each little
20 cigar sold, used, or possessed by a wholesaler or
21 dealer on and after October 1, 2009, whether or not



- 1 sold at wholesale, or if not sold then at the same
2 rate upon the use by the wholesaler or dealer;
- 3 (10) An excise tax equal to 15.00 cents for each cigarette
4 or little cigar sold, used, or possessed by a
5 wholesaler or dealer on and after July 1, 2010,
6 whether or not sold at wholesale, or if not sold then
7 at the same rate upon the use by the wholesaler or
8 dealer;
- 9 (11) An excise tax equal to 16.00 cents for each cigarette
10 or little cigar sold, used, or possessed by a
11 wholesaler or dealer on and after July 1, 2011,
12 whether or not sold at wholesale, or if not sold then
13 at the same rate upon the use by the wholesaler or
14 dealer;
- 15 (12) An excise tax equal to cents for each cigarette or
16 little cigar sold, used, or possessed by a wholesaler
17 or dealer on and after July 1, 2012, whether or not
18 sold at wholesale, or if not sold then at the same
19 rate upon the use by the wholesaler or dealer;
- 20 [~~12~~] (13) An excise tax equal to seventy per cent of the
21 wholesale price of each article or item of tobacco
22 products, other than large cigars, sold by the



1 wholesaler or dealer on and after September 30, 2009,
2 whether or not sold at wholesale, or if not sold then
3 at the same rate upon the use by the wholesaler or
4 dealer; and

5 [~~(13)~~] (14) An excise tax equal to fifty per cent of the
6 wholesale price of each large cigar of any length,
7 sold, used, or possessed by a wholesaler or dealer on
8 and after September 30, 2009, 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 Where the tax imposed has been paid on cigarettes, little
12 cigars, or tobacco products that thereafter become the subject
13 of a casualty loss deduction allowable under chapter 235, the
14 tax paid shall be refunded or credited to the account of the
15 wholesaler or dealer. The tax shall be applied to cigarettes
16 through the use of stamps."

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

19 "**§245-15 Disposition of revenues.** All moneys collected
20 pursuant to this chapter shall be paid into the state treasury
21 as state realizations to be kept and accounted for as provided



1 by law; provided that, of the moneys collected under the tax
2 imposed pursuant to:

3 (1) Section 245-3(a)(5), after September 30, 2006, and
4 prior to October 1, 2007, 1.0 cent per cigarette shall
5 be deposited to the credit of the Hawaii cancer
6 research special fund, established pursuant to section
7 304A-2168, for research and operating expenses and for
8 capital expenditures;

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

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

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

19 (C) 0.25 cents per cigarette shall be deposited to
20 the credit of the emergency medical services
21 special fund established pursuant to section
22 321-234;



1 (3) Section 245-3(a)(7), after September 30, 2008, and
2 prior to July 1, 2009:

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

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

11 (C) 0.25 cents per cigarette shall be deposited to
12 the credit of the community health centers
13 special fund established pursuant to section
14 321-1.65; and

15 (D) 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 (4) Section 245-3(a)(8), after June 30, 2009, and prior to
20 July 1, 2013:

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) 0.75 cents per cigarette shall be deposited to
5 the credit of the trauma system special fund
6 established pursuant to section 321-22.5;
- 7 (C) 0.75 cents per cigarette shall be deposited to
8 the credit of the community health centers
9 special fund established pursuant to section
10 321-1.65; and
- 11 (D) 0.5 cents per cigarette shall be deposited to the
12 credit of the emergency medical services special
13 fund established pursuant to section 321-234;
- 14 [and]
- 15 (5) Section 245-3(a)(11), after June 30, 2013, and
16 thereafter:
- 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) [~~1.5~~] _____ cents per cigarette shall be deposited
 2 to the credit of the trauma system special fund
 3 established pursuant to section 321-22.5;

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

8 (D) 1.25 cents per cigarette shall be deposited to
 9 the credit of the emergency medical services
 10 special fund established pursuant to section
 11 321-234 [~~-~~]; and

12 (6) Section 245-3(a)(12), after June 30, 2013, and
 13 thereafter, _____ cents per cigarette shall be
 14 deposited to the credit of the John A. Burns school of
 15 medicine medical loan forgiveness program special
 16 fund, established pursuant to section 304A- .

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

19 SECTION 5. The John A. Burns school of medicine shall
 20 establish a medical loan forgiveness program as an incentive for
 21 physicians to practice on the neighbor islands and in rural Oahu
 22 communities. In establishing the program, the John A. Burns



1 school of medicine shall determine the requirements for
 2 physician participation in the program, the minimum and maximum
 3 amounts available per participant, and any other requirements
 4 that may be necessary to ensure a successful program.

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

7 SECTION 7. This Act shall take effect on July 1, 2012.
 8

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S.B. NO. 2638

Report Title:

John A. Burns School of Medicine Medical Loan Forgiveness Program; Cigarette Tax

Description:

Establishes the John A. Burns school of medicine medical loan forgiveness program special fund to be funded through an increase in the excise tax on cigarettes, among other funding sources; requires annual report to the governor and legislature; requires the John A. Burns school of medicine to establish a medical loan forgiveness program as an incentive for physicians to practice on the neighbor islands and in rural Oahu communities.

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

