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# A BILL FOR AN ACT

RELATING TO TOBACCO PRODUCTS.

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

1           SECTION 1. The legislature finds that tobacco use is the  
2 single most preventable cause of disease, disability, and death  
3 in the United States. Tobacco use continues to be a problem in  
4 Hawaii, causing approximately 1,100 deaths per year among  
5 adults. An estimated 27,400 children in Hawaii currently under  
6 the age of eighteen will ultimately die prematurely from  
7 smoking. Tobacco use poses a heavy burden on Hawaii's health  
8 care system and economy. Each year, smoking costs approximately  
9 \$336,000,000 in health care expenditures and \$320,000,000 in  
10 lost productivity in the State.

11           The legislature further finds that tobacco products are  
12 addictive and inherently dangerous, causing many different types  
13 of cancer, heart disease, and other serious illnesses. Hawaii  
14 has a substantial interest in reducing the number of individuals  
15 of all ages who use tobacco products, and a particular interest  
16 in protecting adolescents from tobacco dependence and the  
17 illnesses and premature death associated with tobacco use.



1           The legislature additionally finds that taxes on tobacco  
2 products should be similar to the tax rates already imposed on  
3 cigarettes. Tobacco products other than cigarettes are  
4 currently taxed at a lower rate than cigarettes, even though  
5 their use carries similar health risks. Research has shown that  
6 either a tax on cigarettes or cigarette price increases have the  
7 propensity to reduce the rate of smoking by adult and youth  
8 smokers. However, the legislature is concerned that as the  
9 price of cigarettes increases, smokers may be tempted to  
10 purchase less expensive tobacco products, including loose or  
11 roll-your-own tobacco.

12           The legislature concludes that there should not be a lower-  
13 priced tobacco alternative to cigarettes in Hawaii. Therefore,  
14 a similar tax rate for cigarettes and tobacco products that acts  
15 as a deterrent for all forms of tobacco use is needed. Higher  
16 tobacco product prices will encourage tobacco users to quit,  
17 sustain cessation, prevent youth initiation, and reduce  
18 consumption among those who continue to use tobacco.

19           It is the legislature's intent that loose and roll-your-own  
20 tobacco be considered a tobacco product subject to the excise  
21 tax pursuant to this Act.

22           The purpose of this Act is to:



- 1           (1) Impose an excise tax equal to one hundred two per cent  
2           of the wholesale price of any tobacco product, other  
3           than large cigars, sold by a wholesaler or dealer on  
4           and after January 1, 2014, whether or not sold at  
5           wholesale, or if not sold then at the same rate upon  
6           the use by the wholesaler or dealer; and
- 7           (2) Require the additional moneys collected under the  
8           excise tax to be deposited to the credit of the Hawaii  
9           cancer research special fund.

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

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

- 15           (1) An excise tax equal to 5.00 cents for each cigarette  
16           sold, used, or possessed by a wholesaler or dealer  
17           after June 30, 1998, whether or not sold at wholesale,  
18           or if not sold then at the same rate upon the use by  
19           the wholesaler or dealer;
- 20           (2) An excise tax equal to 6.00 cents for each cigarette  
21           sold, used, or possessed by a wholesaler or dealer  
22           after September 30, 2002, 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           (3) An excise tax equal to 6.50 cents for each cigarette  
4           sold, used, or possessed by a wholesaler or dealer  
5           after June 30, 2003, 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           (4) An excise tax equal to 7.00 cents for each cigarette  
9           sold, used, or possessed by a wholesaler or dealer  
10          after June 30, 2004, whether or not sold at wholesale,  
11          or if not sold then at the same rate upon the use by  
12          the wholesaler or dealer;
- 13          (5) An excise tax equal to 8.00 cents for each cigarette  
14          sold, used, or possessed by a wholesaler or dealer on  
15          and after September 30, 2006, 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          (6) An excise tax equal to 9.00 cents for each cigarette  
19          sold, used, or possessed by a wholesaler or dealer on  
20          and after September 30, 2007, 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           (7) An excise tax equal to 10.00 cents for each cigarette  
2                    sold, used, or possessed by a wholesaler or dealer on  
3                    and after September 30, 2008, 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           (8) An excise tax equal to 13.00 cents for each cigarette  
7                    sold, used, or possessed by a wholesaler or dealer on  
8                    and after July 1, 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          (9) An excise tax equal to 11.00 cents for each little  
12                  cigar sold, used, or possessed by a wholesaler or  
13                  dealer on and after October 1, 2009, whether or not  
14                  sold at wholesale, or if not sold then at the same  
15                  rate upon the use by the wholesaler or dealer;
- 16          (10) An excise tax equal to 15.00 cents for each cigarette  
17                  or little cigar sold, used, or possessed by a  
18                  wholesaler or dealer on and after July 1, 2010,  
19                  whether or not sold at wholesale, or if not sold then  
20                  at the same rate upon the use by the wholesaler or  
21                  dealer;



1           (11) An excise tax equal to 16.00 cents for each cigarette  
 2                    or little cigar sold, used, or possessed by a  
 3                    wholesaler or dealer on and after July 1, 2011,  
 4                    whether or not sold at wholesale, or if not sold then  
 5                    at the same rate upon the use by the wholesaler or  
 6                    dealer;

7           (12) An excise tax equal to seventy per cent of the  
 8                    wholesale price of each article or item of tobacco  
 9                    products, other than large cigars, sold by the  
 10                  wholesaler or dealer on and after September 30, 2009,  
 11                  whether or not sold at wholesale, or if not sold then  
 12                  at the same rate upon the use by the wholesaler or  
 13                  dealer; [and]

14          (13) An excise tax equal to \_\_\_\_\_ per cent of the  
 15          wholesale price of each article or item of tobacco  
 16          products, other than large cigars, sold by a  
 17          wholesaler or dealer on and after January 1, 2014,  
 18          whether or not sold at wholesale, or if not sold then  
 19          at the same rate upon the use by the wholesaler or  
 20          dealer; and

21          ~~[-(13)]~~ (14) An excise tax equal to fifty per cent of the  
 22                  wholesale price of each large cigar of any length,

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

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

11           SECTION 3. Section 245-15, Hawaii Revised Statutes, is  
12  amended to read as follows:

13           "**§245-15 Disposition of revenues.** All moneys collected  
14  pursuant to this chapter shall be paid into the state treasury  
15  as state realizations to be kept and accounted for as provided  
16  by law; provided that, of the moneys collected under the tax  
17  imposed pursuant to:

18           (1) Section 245-3(a)(5), after September 30, 2006, and  
19           prior to October 1, 2007, 1.0 cent per cigarette shall  
20           be deposited to the credit of the Hawaii cancer  
21           research special fund, established pursuant to section



1 304A-2168, for research and operating expenses and for  
2 capital expenditures;

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

5 (A) 1.5 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) 0.25 cents per cigarette shall be deposited to  
11 the credit of the trauma system special fund  
12 established pursuant to section 321-22.5; and

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

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

19 (A) 2.0 cents per cigarette shall be deposited to the  
20 credit of the Hawaii cancer research special  
21 fund, established pursuant to section 304A-2168,





- 1 for research and operating expenses and for  
2 capital expenditures;
- 3 (B) 0.5 cents per cigarette shall be deposited to the  
4 credit of the trauma system special fund  
5 established pursuant to section 321-22.5;
- 6 (C) 0.25 cents per cigarette shall be deposited to  
7 the credit of the community health centers  
8 special fund established pursuant to section  
9 321-1.65; 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 June 30, 2009, and prior to  
15 July 1, 2013:
- 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 established pursuant to section
- 7 321-1.65; and
- 8 (D) 0.5 cents per cigarette shall be deposited to the
- 9 credit of the emergency medical services special
- 10 fund established pursuant to section 321-234;
- 11 [and]
- 12 (5) Section 245-3(a)(11), after June 30, 2013, and
- 13 thereafter:
- 14 (A) 2.0 cents per cigarette shall be deposited to the
- 15 credit of the Hawaii cancer research special
- 16 fund, established pursuant to section 304A-2168,
- 17 for research and operating expenses and for
- 18 capital expenditures;
- 19 (B) 1.5 cents per cigarette shall be deposited to the
- 20 credit of the trauma system special fund
- 21 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 established pursuant to section  
4 321-1.65; and

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

9 (6) Section 245-3(a)(13), after December 31, 2013, and  
10 thereafter, all amounts shall be deposited to the  
11 credit of the Hawaii cancer research special fund,  
12 established pursuant to section 304A-2168, for  
13 research and operating expenses and capital  
14 expenditures.

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

17 SECTION 4. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

Tobacco Products; Excise Tax; Hawaii Cancer Research Special Fund

**Description:**

Imposes an excise tax of an unspecified per cent of the wholesale price of any tobacco product, other than large cigars, sold by a wholesaler or dealer on and after January 1, 2014, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer. Requires the additional moneys collected under the excise tax to be deposited to the credit of the Hawaii cancer research special fund. Effective 7/1/50. (SD2)

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

