

STAND. COM. REP. NO.

423

Honolulu, Hawaii

February 14, 2013

RE: H.B. No. 657

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
H.B. No. 657 entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO PRODUCTS,"

begs leave to report as follows:

The purpose of this measure is to provide additional support for cancer research in the State by imposing an excise tax of \$3.20 per net ounce of tobacco on tobacco products other than large cigars beginning January 1, 2014, and depositing the monies collected from the tax into the Hawaii Cancer Research Special Fund.

The University of Hawaii Cancer Center, Coalition for a Tobacco-Free Hawaii, and American Cancer Society Cancer Action Network supported this measure. The Cigar Association of America, Inc., and a concerned individual opposed this measure. The Department of Taxation, Department of Health, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Clarifying that the excise tax will be imposed per ounce in each article or item of tobacco products;
- (2) Requiring the tax to be computed based on the manufacturer's listed net weight, including fractional parts of an ounce;

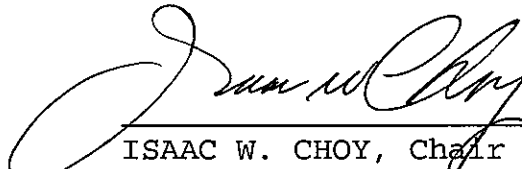
HB657 HD1 HSCR HED HMS 2013-1848



- (3) Inserting a definition for "manufacturer's listed net weight";
- (4) Changing the allocation of monies generated by the tax by allocating:
 - (A) 12 percent to the Hawaii Cancer Research Special Fund;
 - (B) 9 percent to the Trauma System Special Fund;
 - (C) 8 percent to the Community Health Centers Special Fund;
 - (D) 8 percent to the Emergency Medical Services Special Fund; and
 - (E) The remaining balance to the general fund; and
- (5) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 657, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 657, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education,


ISAAC W. CHOY, Chair



