

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 492  
S.D. 2

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 492, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to impose taxes on tobacco products other than large cigars at a rate similar to those imposed on cigarettes.

More specifically, this measure:

- (1) Imposes an excise tax equal to one hundred two 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; and
- (2) Requires the additional moneys collected under the excise tax to be deposited to the credit of the Hawaii Cancer Research Special Fund.

Your Committee received written comments in support of this measure from numerous concerned individuals.

Your Committee received written comments in opposition to this measure from the RAI Services Company and one concerned individual.



Your Committee received written comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the use of tobacco products other than cigarettes is just as addictive and harmful as the use of cigarettes. Accordingly, taxes imposed on these tobacco products should be similar to the taxes imposed on cigarettes.

Your Committee has amended this measure by:

- (1) Changing the excise tax on tobacco products, other than large cigars, to an unspecified amount;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (3) Making technical nonsubstantive amendments for the purposes of style and clarity.

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. 492, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 492, S.D. 2.

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




DAVID Y. IGE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>SB 492, SD1</b>	Committee Referral: <b>HTH, WAM</b>	Date: <b>3/1/13</b>		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.				✓
TOKUDA, Jill N.				✓
SLOM, Sam			✓	
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>4</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">  </div>				
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\*Only one measure per Record of Votes