
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 one thousand one hundred deaths
5 per year among adults. An estimated twenty-seven thousand four
6 hundred children in Hawaii currently under the age of eighteen
7 will ultimately die prematurely from smoking. Tobacco use poses
8 a heavy burden on Hawaii's health care system and economy. Each
9 year, smoking costs approximately \$336,000,000 in health care
10 expenditures and \$320,000,000 in 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 finds that there should not be a lower-
13 priced tobacco alternative to cigarettes in Hawaii; therefore a
14 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 for loose and roll-your-own
20 tobacco to be considered a tobacco product subject to the excise
21 tax under this Act.



1 The purpose of this Act is to:

- 2 (1) Impose an excise tax equal to \$3.20 per net ounce of
- 3 tobacco for each article or item of tobacco products,
- 4 other than large cigars, sold by a wholesaler or
- 5 dealer on and after January 1, 2014; and
- 6 (2) Provide for the allocation of the additional moneys
- 7 collected under the excise tax for specified purposes.

8 SECTION 2. Section 245-1, Hawaii Revised Statutes, is
9 amended by adding a new definition to be appropriately inserted
10 and to read as follows:

11 "Manufacturer's listed net weight" means the weight of the
12 finished product as shown or listed by the product manufacturer
13 on the tobacco product can, package, or shipping container."

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

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

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

1 wholesaler or dealer on and after July 1, 2010,
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;

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

11 (12) An excise tax equal to seventy per cent of the
12 wholesale price of each article or item of tobacco
13 products, other than large cigars, sold by the
14 wholesaler or dealer on and after September 30, 2009,
15 but before January 1, 2014, 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; [~~and~~]

18 (13) An excise tax equal to \$3.20 per ounce in each article
19 or item of tobacco products, other than large cigars,
20 sold by the wholesaler or dealer on and after January
21 1, 2014, whether or not sold at wholesale, or if not
22 sold then at the same rate upon the use by the

1 wholesaler or dealer; provided that the tax shall be
 2 computed based on the manufacturer's listed net
 3 weight, including all fractional parts of an ounce;
 4 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 to the
2 credit of the trauma system special fund
3 established pursuant to section 321-22.5;

4 (C) 1.25 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) 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)(13), on or after January 1, 2014, and
13 thereafter:

14 (A) Twelve per cent shall be deposited to the credit
15 of the Hawaii cancer research special fund,
16 established pursuant to section 304A-2168, for
17 research and operating expenses and for capital
18 expenditures;

19 (B) Nine per cent shall be deposited to the credit of
20 the trauma system special fund established
21 pursuant to section 321-22.5;



1 (C) Eight per cent shall be deposited to the credit
2 of the community health centers special fund
3 established pursuant to section 321-1.65; and

4 (D) Eight per cent shall be deposited to the credit
5 of the emergency medical services special fund
6 established pursuant to section 321-234.

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

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

11 SECTION 6. This Act shall take effect on July 1, 2013.



Report Title:

Tobacco Products; Excise Tax; Special Funds

Description:

Imposes an excise tax equal to \$3.20 per ounce of tobacco in each article or item of tobacco products, other than large cigars. Allocates monies generated to certain special funds and the general fund. Effective July 1, 2013. (HB657 HD1)

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

