
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 27,400 children in Hawaii
6 currently under the age of eighteen will ultimately die
7 prematurely due to illnesses caused by smoking. Tobacco use
8 poses a heavy burden on Hawaii's health care system and economy.
9 Each year, smoking costs approximately \$336,000,000 in health
10 care expenditures and \$320,000,000 in lost productivity in the
11 State.

12 The legislature further finds that tobacco products are
13 addictive and inherently dangerous, causing many different types
14 of cancer, heart disease, and other serious illnesses. Hawaii
15 has a substantial interest in reducing the number of individuals
16 of all ages who use tobacco products and has a particular
17 interest in protecting adolescents from tobacco dependence and
18 the 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 is needed
15 to deter all forms of tobacco use. Higher tobacco product
16 prices will encourage tobacco users to quit, sustain cessation,
17 prevent youth initiation, and reduce consumption among those who
18 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 under this Act.

22 The purpose of this Act is to:



1 (1) Impose an excise tax equal to per cent of the
 2 wholesale price of any tobacco product, other than
 3 large cigars, sold by a wholesaler or dealer on and
 4 after January 1, 2015, 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 moneys collected pursuant to the excise
 8 tax on tobacco products under section 245-3(a)(13),
 9 Hawaii Revised Statutes, to be deposited to the credit
 10 of the Hawaii cancer research special fund and Hawaii
 11 tobacco prevention and control trust fund.

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

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

17 (1) An excise tax equal to 5.00 cents for each cigarette
 18 sold, used, or possessed by a wholesaler or dealer
 19 after June 30, 1998, whether or not sold at wholesale,
 20 or if not sold then at the same rate upon the use by
 21 the wholesaler or dealer;



- 1 (2) An excise tax equal to 6.00 cents for each cigarette
2 sold, used, or possessed by a wholesaler or dealer
3 after September 30, 2002, 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 (3) An excise tax equal to 6.50 cents for each cigarette
7 sold, used, or possessed by a wholesaler or dealer
8 after June 30, 2003, whether or not sold at wholesale,
9 or if not sold then at the same rate upon the use by
10 the wholesaler or dealer;
- 11 (4) An excise tax equal to 7.00 cents for each cigarette
12 sold, used, or possessed by a wholesaler or dealer
13 after June 30, 2004, 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 (5) An excise tax equal to 8.00 cents for each cigarette
17 sold, used, or possessed by a wholesaler or dealer on
18 and after September 30, 2006, whether or not sold at
19 wholesale, or if not sold then at the same rate upon
20 the use by the wholesaler or dealer;
- 21 (6) An excise tax equal to 9.00 cents for each cigarette
22 sold, used, or possessed by a wholesaler or dealer on



1 and after September 30, 2007, 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 (7) An excise tax equal to 10.00 cents for each cigarette
5 sold, used, or possessed by a wholesaler or dealer on
6 and after September 30, 2008, 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 (8) An excise tax equal to 13.00 cents for each cigarette
10 sold, used, or possessed by a wholesaler or dealer on
11 and after July 1, 2009, 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 (9) An excise tax equal to 11.00 cents for each little
15 cigar sold, used, or possessed by a wholesaler or
16 dealer on and after October 1, 2009, whether or not
17 sold at wholesale, or if not sold then at the same
18 rate upon the use by the wholesaler or dealer;

19 (10) An excise tax equal to 15.00 cents for each cigarette
20 or little cigar sold, used, or possessed by a
21 wholesaler or dealer on and after July 1, 2010,
22 whether or not sold at wholesale, or if not sold then



1 at the same rate upon the use by the wholesaler or
2 dealer;

3 (11) An excise tax equal to 16.00 cents for each cigarette
4 or little cigar sold, used, or possessed by a
5 wholesaler or dealer on and after July 1, 2011,
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 (12) An excise tax equal to seventy per cent of the
10 wholesale price of each article or item of tobacco
11 products, other than large cigars, sold by the
12 wholesaler or dealer on and after September 30, 2009,
13 whether or not sold at wholesale, or if not sold then
14 at the same rate upon the use by the wholesaler or
15 dealer; [~~and~~]

16 (13) An excise tax equal to _____ per cent of the wholesale
17 price of each article or item of tobacco products,
18 other than large cigars, sold by a wholesaler or
19 dealer on and after January 1, 2015, whether or not
20 sold at wholesale, or if not sold then at the same
21 rate upon the use by the wholesaler or dealer; and



1 [~~(13)~~] (14) An excise tax equal to fifty per cent of the
2 wholesale price of each large cigar of any length,
3 sold, used, or possessed by a wholesaler or dealer on
4 and after September 30, 2009, 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.

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

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

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

20 (1) Section 245-3(a)(5), after September 30, 2006, and
21 prior to October 1, 2007, 1.0 cent per cigarette shall
22 be deposited to the credit of the Hawaii cancer



1 research special fund, established pursuant to section
2 304A-2168, for research and operating expenses and for
3 capital expenditures;

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

6 (A) 1.5 cents per cigarette shall be deposited to the
7 credit of the Hawaii cancer research special
8 fund, established pursuant to section 304A-2168,
9 for research and operating expenses and for
10 capital expenditures;

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

14 (C) 0.25 cents per cigarette shall be deposited to
15 the credit of the emergency medical services
16 special fund established pursuant to section
17 321-234;

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

20 (A) 2.0 cents per cigarette shall be deposited to the
21 credit of the Hawaii cancer research special
22 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, 2014, and
10 thereafter:

11 (A) _____ per cent of collected funds shall be
12 deposited to the credit of the Hawaii cancer
13 research special fund established pursuant to
14 section 304A-2168; and

15 (B) _____ per cent of collected funds shall be
16 deposited to the credit of the Hawaii tobacco
17 prevention and control trust fund established
18 pursuant to section 328L-5.

19 The department shall provide an annual accounting of these
20 dispositions to the legislature."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2150.



Report Title:

Tobacco Products; Cigarette and Tobacco Tax; Hawaii Cancer Research Special Fund; Hawaii Tobacco Prevention and Control Trust Fund

Description:

Imposes an excise tax equal to an unspecified percentage of the wholesale price of any tobacco product, other than large cigars, effective January 1, 2015. Allocates funds collected to the Hawaii cancer research special fund and Hawaii tobacco prevention and control trust fund. Effective July 1, 2150.
(SB2496 HD1)

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

