

STAND. COM. REP. NO. 2025

Honolulu, Hawaii

JAN 31 2014

RE: S.B. No. 2497
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2497 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to increase the:

- (1) License fee for persons engaged as a wholesaler or dealer of cigarettes or tobacco products from \$2.50 to an unspecified amount; and
- (2) Retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and other tobacco products from \$20 to an unspecified amount.

Your Committee received testimony in support of this measure from the Coalition for a Tobacco-Free Hawai'i and American Cancer Society Cancer Action Network. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance. Your Committee received comments on this measure from the Department of Health and Department of Taxation.

Your Committee finds that, when compared to other states, Hawaii's tobacco licensing fees are among the lowest in the country. Hawaii's license fee for a wholesaler or dealer has not increased since 1995, and the State is one of only two that charge a wholesaler or dealer less than a retailer for a license. According to the Department of Taxation, in Fiscal Year 2013, the

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State received only \$505 in wholesale license fees and \$30,827.50 in retail permits. In comparison, the tobacco industry spends \$26,900,000 a year in marketing their products in Hawaii.

Your Committee further finds that tobacco retailer licensing is an effective tool for limiting the negative public health consequences of tobacco use by ensuring that wholesalers, dealers, and retailers comply with responsible sales practices. Wholesaler, dealer, and retail licenses with adequate annual fees provide the necessary resources for administrative costs and enforcement of tax laws. In many states, these fees also serve as important strategies for limiting youth access to tobacco.

Your Committee also finds that increasing tobacco licensing and permit fees and requiring money from the fees to support smoking cessation programs in the State will help decrease access to tobacco by minors, prevent initiation of tobacco use, and ensure continued tobacco regulation and enforcement of relevant tax laws.

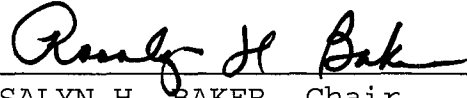
Accordingly, your Committee has amended this measure by:

- (1) Amending the license fee for persons engaged as a wholesaler or dealer of cigarettes or tobacco products from an unspecified amount to \$250;
- (2) Amending the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and other tobacco products from an unspecified amount to \$50; and
- (3) Specifying that revenue from the license and permit fees shall be used to support smoking cessation programs in the State.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2497, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2497, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 2497	Committee Referral: CPN, WAM	Date: 1/29/14		
<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
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
NISHIHARA, Clarence K.				✓
WAKAI, Glenn	✓			
SLOM, Sam			✓	
TOTAL	3	0	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes