

STAND. COM. REP. NO. **2832**

Honolulu, Hawaii

**FEB 28 2014**

RE: S.B. No. 2497  
S.D. 2

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

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2497, S.D. 1, 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 ensure continued tobacco regulation and enforcement of relevant tax laws.

More specifically, this measure:

- (1) Increases the annual license fee for persons engaged as a wholesaler or dealer of cigarettes or tobacco products from \$2.50 to \$250;
- (2) Increases the annual retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and other tobacco products from \$20 to \$50; and
- (3) Specifies that revenue from the license and permit fees shall be used to support smoking cessation programs in the State.

Your Committee received written comments in support of this measure from the Coalition for a Tobacco-Free Hawaii and the American Cancer Society Action Network. Your Committee received written comments in opposition to this measure from the Hawaii Food Industry Association and the Hawaii Smokers Alliance. Your Committee received written comments on this measure from the

SB2497 SD2 SSCR LRB 14-1152-1.doc



Department of Taxation, Department of Health, and Department of Budget and Finance.

Your Committee finds that the annual license and permit fees imposed by the State are relatively low when compared to other states that impose similar fees. Your Committee also finds that the Hawaii Tobacco Prevention and Control Trust Fund is an appropriate mechanism to fund tobacco cessation programs in the State.

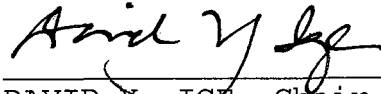
Your Committee has amended this measure by:

- (1) Changing the annual license and permit fees to unspecified amounts;
- (2) Deleting the requirement that general revenues from the license and permit fees be used to support smoking cessation programs in the State, in recognition that expenditure of general revenues is subject to specific legislative appropriation, and not earmarking by statute;
- (3) Replacing the deleted language with a requirement that revenues from the license and permit fees be deposited into the Hawaii Tobacco Prevention and Control Trust Fund to ensure that the revenues are used for tobacco prevention and control programs, as provided in section 328L-5, Hawaii Revised Statutes;
- (4) Changing the effective date to January 1, 2050, to facilitate further discussion on the measure; and
- (5) Making technical nonsubstantive amendments for the purposes of clarity and style.

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. 2497, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2497, S.D. 2.



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




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DAVID Y. ICE, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2497, SD1	CPN, WAM	2-13-14		
<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
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			✓	
	9	1	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes