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## A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 245-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

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

6           (1) An excise tax equal to 5.00 cents for each cigarette  
7           sold, used, or possessed by a wholesaler or dealer  
8           after June 30, 1998, 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          (2) An excise tax equal to 6.00 cents for each cigarette  
12          sold, used, or possessed by a wholesaler or dealer  
13          after September 30, 2002, 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          (3) An excise tax equal to 6.50 cents for each cigarette  
17          sold, used, or possessed by a wholesaler or dealer



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- 1 after June 30, 2003, whether or not sold at wholesale,  
2 or if not sold then at the same rate upon the use by  
3 the wholesaler or dealer;
- 4 (4) An excise tax equal to 7.00 cents for each cigarette  
5 sold, used, or possessed by a wholesaler or dealer  
6 after June 30, 2004, whether or not sold at wholesale,  
7 or if not sold then at the same rate upon the use by  
8 the wholesaler or dealer;
- 9 (5) An excise tax equal to 8.00 cents for each cigarette  
10 sold, used, or possessed by a wholesaler or dealer on  
11 and after September 30, 2006, 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 (6) An excise tax equal to 9.00 cents for each cigarette  
15 sold, used, or possessed by a wholesaler or dealer on  
16 and after September 30, 2007, whether or not sold at  
17 wholesale, or if not sold then at the same rate upon  
18 the use by the wholesaler or dealer;
- 19 (7) An excise tax equal to 10.00 cents for each cigarette  
20 sold, used, or possessed by a wholesaler or dealer on  
21 and after September 30, 2008, whether or not sold at



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- 1           wholesale, or if not sold then at the same rate upon  
2           the use by the wholesaler or dealer;
- 3           (8)   An excise tax equal to 13.00 cents for each cigarette  
4           sold, used, or possessed by a wholesaler or dealer on  
5           and after July 1, 2009, 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           (9)   An excise tax equal to 11.00 cents for each little  
9           cigar sold, used, or possessed by a wholesaler or  
10          dealer on and after October 1, 2009, whether or not  
11          sold at wholesale, or if not sold then at the same  
12          rate upon the use by the wholesaler or dealer;
- 13          (10)  An excise tax equal to 15.00 cents for each cigarette  
14          or little cigar sold, used, or possessed by a  
15          wholesaler or dealer on and after July 1, 2010,  
16          whether or not sold at wholesale, or if not sold then  
17          at the same rate upon the use by the wholesaler or  
18          dealer;
- 19          (11)  An excise tax equal to 16.00 cents for each cigarette  
20          or little cigar sold, used, or possessed by a  
21          wholesaler or dealer on and after July 1, 2011,



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1           whether or not sold at wholesale, or if not sold then  
2           at the same rate upon the use by the wholesaler or  
3           dealer;

4        (12) An excise tax equal to 20.00 cents for each cigarette  
5        or little cigar sold, used, or possessed by a  
6        wholesaler or dealer on and after January 1, 2017,  
7        whether or not sold at wholesale, or if not sold then  
8        at the same rate upon the use by the wholesaler or  
9        dealer;

10       ~~[(12)]~~ (13) An excise tax equal to seventy per cent of the  
11       wholesale price of each article or item of tobacco  
12       products, other than large cigars, sold by the  
13       wholesaler or dealer on and after September 30, 2009,  
14       whether or not sold at wholesale, or if not sold then  
15       at the same rate upon the use by the wholesaler or  
16       dealer; and

17       ~~[(13)]~~ (14) An excise tax equal to fifty per cent of the  
18       wholesale price of each large cigar of any length,  
19       sold, used, or possessed by a wholesaler or dealer on  
20       and after September 30, 2009, whether or not sold at



1           wholesale, or if not sold then at the same rate upon  
2           the use by the wholesaler or dealer.

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

9           SECTION 2. Section 245-15, Hawaii Revised Statutes, is  
10 amended to read as follows:

11           "**§245-15 Disposition of revenues.** All moneys collected  
12 pursuant to this chapter shall be paid into the state treasury  
13 as state realizations to be kept and accounted for as provided  
14 by law; provided that, of the moneys collected under the tax  
15 imposed pursuant to:

16           (1) Section 245-3(a)(5), after September 30, 2006, and  
17           prior to October 1, 2007, 1.0 cent per cigarette shall  
18           be deposited to the credit of the Hawaii cancer  
19           research special fund, established pursuant to section  
20           304A-2168, for research and operating expenses and for  
21           capital expenditures;



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- 1           (2) Section 245-3(a)(6), after September 30, 2007, and  
2           prior to October 1, 2008:
- 3           (A) 1.5 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) 0.25 cents per cigarette shall be deposited to  
9           the credit of the trauma system special fund  
10          established pursuant to section 321-22.5; and
- 11          (C) 0.25 cents per cigarette shall be deposited to  
12          the credit of the emergency medical services  
13          special fund established pursuant to section 321-  
14          234;
- 15          (3) Section 245-3(a)(7), after September 30, 2008, and  
16          prior to July 1, 2009:
- 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;

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- 1 (B) 0.5 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) 0.25 cents per cigarette shall be deposited to  
5 the credit of the community health centers  
6 special fund established pursuant to section 321-  
7 1.65; and
- 8 (D) 0.25 cents per cigarette shall be deposited to  
9 the credit of the emergency medical services  
10 special fund established pursuant to section 321-  
11 234;
- 12 (4) Section 245-3(a)(8), after June 30, 2009, and prior to  
13 July 1, 2013:
- 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) 0.75 cents per cigarette shall be deposited to  
20 the credit of the trauma system special fund  
21 established pursuant to section 321-22.5;



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- 1 (C) 0.75 cents per cigarette shall be deposited to  
2 the credit of the community health centers  
3 special fund established pursuant to section 321-  
4 1.65; and
- 5 (D) 0.5 cents per cigarette shall be deposited to the  
6 credit of the emergency medical services special  
7 fund established pursuant to section 321-234;
- 8 (5) Section 245-3(a)(11), after June 30, 2013, and prior  
9 to July 1, 2015:
- 10 (A) 2.0 cents per cigarette shall be deposited to the  
11 credit of the Hawaii cancer research special  
12 fund, established pursuant to section 304A-2168,  
13 for research and operating expenses and for  
14 capital expenditures;
- 15 (B) 1.5 cents per cigarette shall be deposited to the  
16 credit of the trauma system special fund  
17 established pursuant to section 321-22.5;
- 18 (C) 1.25 cents per cigarette shall be deposited to  
19 the credit of the community health centers  
20 special fund established pursuant to section 321-  
21 1.65; and





- 1 (D) 1.25 cents per cigarette shall be deposited to  
2 the credit of the emergency medical services  
3 special fund established pursuant to section 321-  
4 234; [and]
- 5 (6) Section 245-3(a)(11), after June 30, 2015, and  
6 ~~[thereafter:]~~ prior to January 1, 2017:
- 7 (A) 2.0 cents per cigarette shall be deposited to the  
8 credit of the Hawaii cancer research special  
9 fund, established pursuant to section 304A-2168,  
10 for research and operating expenses and for  
11 capital expenditures;
- 12 (B) 1.125 cents per cigarette, but not more than  
13 \$7,400,000 in a fiscal year, shall be deposited  
14 to the credit of the trauma system special fund  
15 established pursuant to section 321-22.5;
- 16 (C) 1.25 cents per cigarette, but not more than  
17 \$8,800,000 in a fiscal year, shall be deposited  
18 to the credit of the community health centers  
19 special fund established pursuant to section 321-  
20 1.65; and



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1 (D) 1.25 cents per cigarette, but not more than  
2 \$8,800,000 in a fiscal year, shall be deposited  
3 to the credit of the emergency medical services  
4 special fund established pursuant to section 321-  
5 234 [-]; and

6 (7) Section 245-3(a)(12), after December 31, 2016, and  
7 thereafter:

8 (A) 2.0 cents per cigarette shall be deposited to the  
9 credit of the Hawaii cancer research special  
10 fund, established pursuant to section 304A-2168,  
11 for research and operating expenses and for  
12 capital expenditures;

13 (B) 1.125 cents per cigarette, but not more than  
14 \$7,400,000 in a fiscal year, shall be deposited  
15 to the credit of the trauma system special fund  
16 established pursuant to section 321-22.5;

17 (C) 1.25 cents per cigarette, but not more than  
18 \$8,800,000 in a fiscal year, shall be deposited  
19 to the credit of the community health centers  
20 special fund established pursuant to section 321-  
21 1.65;



- 1           (D) 1.25 cents per cigarette, but not more than  
2           \$8,800,000 in a fiscal year, shall be deposited  
3           to the credit of the emergency medical services  
4           special fund established pursuant to section 321-  
5           234; and
- 6           (E) 4.0 cents per cigarette shall be deposited to the  
7           credit of the Hawaii tobacco prevention and  
8           control trust fund established pursuant to  
9           section 328L-5.

10 The department shall provide an annual accounting of these  
11 dispositions to the legislature."

12           SECTION 3. Section 328L-5, Hawaii Revised Statutes, is  
13 amended by amending subsection (e) to read as follows:

14           "(e) The assets of the Hawaii tobacco prevention and  
15 control trust fund shall consist of:

- 16           (1) Moneys appropriated under section 328L-2(b)(2);  
17           (2) Moneys appropriated to the Hawaii tobacco prevention  
18           and control trust fund by the state, county, or  
19           federal government;
- 20           (3) Moneys collected pursuant to section 245-15;  
21           ~~(3)~~ (4) Private contributions of cash or property; and



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1        [~~4~~] (5)    Income and capital gains earned by the trust  
 2                    fund."

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

5            SECTION 5.    This Act shall take effect on January 1, 2017.

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INTRODUCED BY: Ben Kolonel  
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JAN 21 2016



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**Report Title:**

Cigarette and Tobacco Tax; Hawaii Tobacco Prevention and Control Trust Fund

**Description:**

Increases the tax on cigarettes and little cigars by 4 cents for sales on or after 1/1/2017. Allocates the increase in funds collected to the Hawaii tobacco prevention and control trust fund.

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

