

STAND. COM. REP. NO.

2661

Honolulu, Hawaii

MAR 03 2016

RE: S.B. No. 2135

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2135 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the excise tax rate on the sale of large cigars.

Specifically, this measure amends the tax rate on sales of large cigars that occur on or after July 1, 2016, to the lesser of 50 cents for each large cigar or fifty percent of the wholesale price of each large cigar.

Your Committee received testimony in support of this measure from the Cigar Association of America, Inc.; Hawaii Cigar Association; Hawaii Food Industry Association; Hawaii Smokers Alliance; Mokuleia Cigar Company; Kauai Cigar Company; and sixteen individuals.

Your Committee received testimony in opposition to this measure from the Department of Health; American Cancer Society Cancer Action Network; American Heart Association; American Lung Association of the Mountain Pacific; Coalition for a Tobacco-Free Hawaii; and fifty-six individuals.

Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and one individual.



Your Committee finds that the excise tax rate imposed on the sale of large cigars makes it difficult for local producers of cigars to compete with mail-order suppliers that sell cigars in Hawaii without paying state taxes and whose customers do not file their tax liability under the State's use tax law. Your Committee further finds that this measure addresses this issue by setting a cap on the excise tax imposed on the sale of large cigars, thereby limiting the burden caused by the tax.

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. 2135 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

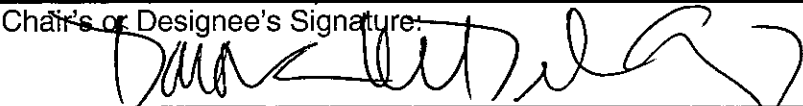


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 2135	Committee Referral: WAM	Date: 7/17/12		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene			/	
INOUE, Lorraine R.	/			
RIVIERE, Gil	/			
TANIGUCHI, Brian T.		/		
WAKAI, Glenn	/			
SLOM, Sam	/			
TOTAL	9	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