

Honolulu, Hawaii

MAR 03 2016

RE: S.B. No. 2689  
S.D. 2

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

Sir:

Your Committee on Judiciary and Labor, to which was referred  
S.B. No. 2689, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CHAPTER 245, HAWAII REVISED  
STATUTES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish definitions for "disposable electronic smoking device", "electronic smoking device", "e-liquid", and "reusable electronic smoking device";
- (2) Amend the definitions of "dealer", "retailer", "sale" or "sold", "wholesale price", and "wholesaler" to include electronic smoking devices and e-liquid;
- (3) Allow electronic smoking devices, packages of electronic smoking devices, containers of electronic smoking devices, e-liquid, packages of e-liquid, and containers of e-liquid to be seized and forfeited if unlawfully sold, possessed, kept, stored, acquired, distributed, or transported;
- (4) Increase the license fee for wholesalers and dealers of cigarettes, tobacco products, electronic smoking devices, and e-liquid; and



- (5) Increase the retail tobacco permit fee for retailers of cigarettes, tobacco products, electronic smoking devices, and e-liquid.

Your Committee received testimony in support of this measure from the Department of Health, American Heart Association, Hawai'i Public Health Institute, and American Cancer Society Cancer Action Network. Your Committee received testimony in opposition to this measure from VOLCANO Fine Electronic Cigarettes, Hawaii Vapers United, Smokeless Hawaii, and 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 public health rationale for the regulation of cigarettes and tobacco products is well developed, as tobacco use is the most preventable cause of disease, disability, and death in the United States. In addition to governing specific aspects of tobacco production, sales, and use, Hawaii law also requires retailers, wholesalers, and dealers of cigarettes or tobacco products to obtain a special license or permit. These licenses and permits facilitate the enforcement of the cigarette tax and tobacco tax law under chapter 245, Hawaii Revised Statutes. However, the current license fee for wholesalers and dealers is only \$2.50 a year, while retail tobacco permit fees cost only \$20 a year. These fees should be increased and the law updated to include electronic smoking devices and e-liquid.

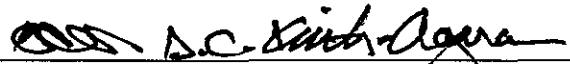
Your Committee has amended this measure by:

- (1) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2689, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2689, S.D. 2.



Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,




GILBERT S.C. KEITH-AGARAN Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2689 SD1	CPH, JDL	2/26/16		
<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
KEITH-AGARAN, Gilbert S.C. (C)	/			
SHIMABUKURO, Maile S.L. (VC)				/
GABBARD, Mike	/			
KAHELE, Kaiali'i	/			
KIM, Donna Mercado				/
THIELEN, Laura H.	/			
SLOM, Sam				/
<b>TOTAL</b>	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes