

Honolulu, Hawaii

March 24, 2016

RE: S.B. No. 2690  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Health, to which was referred S.B. No. 2690, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to reduce tobacco usage in the State by amending:

- (1) The excise tax amount on cigarettes and little cigars sold on or after July 1, 2016; and
- (2) The allocation of levied cigarette and little cigar excise tax amounts to various funds and programs, including the Hawaii Cancer Research Special Fund, Trauma System Special Fund, Community Health Centers Special Fund, Emergency Medical Services Special Fund, and smoking cessation and education programs administered by the Department of Health Chronic Disease Prevention and Health Program Division.

The University of Hawaii Cancer Center, American Lung Association, The Queen's Health Systems, Hawaii Public Health Institute, Coalition for Tobacco-Free Hawaii, Hawaii Pacific Health, Hawaii Medical Service Association, American Cancer Society Cancer Action Network, Hawaii Primary Care Association and numerous individuals testified in support of this measure. The

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Department of Health and American Heart Association testified in support of this measure and provided amendments. The Hawaii Smokers Alliance, Hawaii Vapers United, Hawaii Bar Owners Association, ABC Stores, and numerous individuals testified in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Changing the applicability dates of the amended excise tax amounts and allocations to on or after January 1, 2017, rather than on or after July 1, 2016, to provide the Department of Taxation with sufficient time needed to make changes to tax stamps, forms, instructions, and computer systems; and
- (2) Changing its effective date to July 1, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2690, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2690, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Health,



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DELLA AU BELATTI, Chair



