

Honolulu, Hawaii

FEB 11 2016

RE: S.B. No. 2692

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

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2692 entitled:

"A BILL FOR AN ACT RELATING TO TAX RATE FOR TOBACCO
PRODUCTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Impose an excise tax equal to eighty percent of the wholesale price of any tobacco product, other than large cigars, sold by a wholesaler or dealer on and after January 1, 2017, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer; and
- (2) Require the additional monies collected under the excise tax to be deposited to the credit of the Hawaii cancer research special fund.

Your Committee received testimony in support of this measure from the Department of Health, University of Hawaii Cancer Center, Coalition for a Tobacco-Free Hawaii, American Cancer Society Cancer Action Network, American Lung Association in Hawaii, Weinman Foundation, and thirty-five individuals. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance and eighteen individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

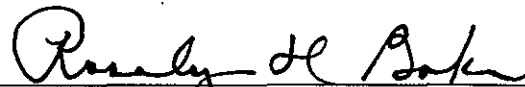


Your Committee finds that Hawaii has a substantial interest in reducing the number of individuals of all ages who use tobacco products. Tobacco use in Hawaii causes approximately 1,400 deaths per year among adults and poses a heavy burden on Hawaii's health care system. Research has shown that either a tax on cigarettes or cigarette price increases have the propensity to reduce the rate of smoking by adult and youth smokers. However, as the price of cigarettes increases, smokers may turn to less expensive tobacco products, including loose or roll-your-own tobacco.

Your Committee further finds that there should not be a lower-priced tobacco alternative to cigarettes in the State. Higher tobacco product prices will encourage tobacco users to quit or sustain cessation, prevent youth initiation, and reduce consumption among those who continue to use tobacco.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2692 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2692	CPH, WAM	2-6-14
<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 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	
BAKER, Rosalyn H. (C)	/	
KIDANI, Michelle N. (VC)	/	
ESPERO, Will	/	
IHARA, Jr., Les		/
NISHIHARA, Clarence K.	/	
RUDERMAN, Russell E.		/
SLOM, Sam		/
TOTAL	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