

Honolulu, Hawaii

February 14, 2018

RE: H.B. No. 1636
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Health & Human Services, to which was referred H.B. No. 1636 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to amend the taxation and fees on cigarettes and tobacco products by increasing:

- (1) Licensure fees for wholesalers or dealers of cigarettes and tobacco products from \$2.50 to \$500;
- (2) The excise tax on cigarettes and tobacco products from 16 cents per product to 22.5 cents; and
- (3) The excise tax on the wholesale price of each article or item of tobacco products, other than large cigars, sold by the wholesaler or dealer from 70 percent to 80 percent.

The Department of Health, Blue Zones Project-Hawaii, American Lung Association, Hawaii Pacific Health, Hawaii Public Health Institute Coalition for a Tobacco-Free Hawaii, American Cancer Society Cancer Action Network, American Heart Association, Maui County Coalition for a Tobacco-Free Hawaii, and numerous concerned individuals testified in support of this measure. Smokeless



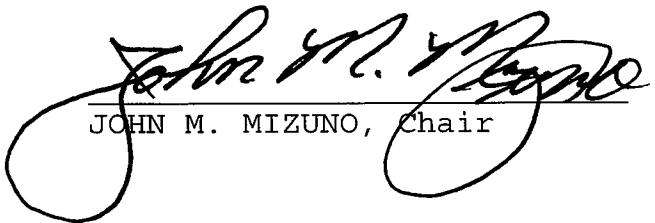
Hawaii, Vape Hawaii, Cigar Rights of America, Aloha Petroleum, Ltd., and several concerned individuals testified in opposition. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Changing the date for when the excise tax on cigarettes and little cigars goes into effect from July 1, 2018 to November 1, 2018, in order to allow the Department of Taxation time for implementation;
- (2) Incorporating language from the testimony by the Department of Health into the preamble of this measure; and
- (3) Changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Health & Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1636, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1636, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Health & Human
Services,


JOHN M. MIZUNO, Chair



