

Honolulu, Hawaii

February 8, 2018

RE: H.B. No. 2492  
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. 2492 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 discourage the use and consumption of e-liquids in this State by:

- (1) Making unlawful the shipment of tobacco products to anyone other than a licensee, and certain warehouse proprietors regulated by federal law;
- (2) Including e-liquid within the definition of "tobacco products" as used in the cigarette tax and tobacco tax law to subject e-liquids to general excise tax laws; and
- (3) Increasing the license fee for wholesalers or dealers of cigarettes and tobacco products, and the retail tobacco permit fee.

The Department of Health, American Heart Association, Hawai'i Pacific Health, Blue Zones Project, Hawaii Public Health Association, Hawai'i Public Health Institute, Keiki Injury Prevention Coalition, and many concerned individuals supported




this measure. VOLCANO Fine Electronic Cigarettes, Cigar Rights of America, Hawaii Smokers Alliance, Retail Merchants of Hawaii, Vape Hawaii, Sub Ohm Vapes, LLC, and many concerned individuals opposed this measure. The Department of the Attorney General, Department of Taxation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Deleting certain provisions of the measure which reference federal law, as these federal laws do not define tobacco products to include e-liquids;
- (2) Clarifying that any person or entity who knowingly engages in the unlawful shipment of tobacco products shall be guilty of a misdemeanor;
- (3) Including in the definition of e-liquid the requirement that the liquid or like substance must contain nicotine;
- (4) Applying this measure to taxable years beginning after December 31, 2018; and
- (5) Changing its 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. 2492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2492, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

  
JOHN M. MIZUNO, Chair



