

Honolulu, Hawaii

February 16, 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 Consumer Protection & Commerce, to which was referred H.B. No. 2492, H.D. 1, 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 smoking, including the use and consumption of e-liquids, in this State by:

- (1) Making unlawful the shipment of tobacco products, including e-liquids, to anyone other than licensed tobacco wholesalers and dealers, 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 those taxes and to require licensure of e-liquid retailers, wholesalers, and dealers as cigarette and tobacco product retailers, wholesalers, and dealers; 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, a member of the Kaua'i County Council, American Heart Association, Blue Zones Project, Hawai'i Public Health Institute, Hawaii Public Health Association, Hawai'i Pacific Health, and numerous individuals supported this measure. PCG Enterprises LLC, VOLCANO Fine Electronic Cigarettes, Retail Merchants of Hawaii, Irie Hawaii Smoke & Vape Shops, Hawaii Smokers Alliance, Cigar Rights of America, Logic Technology Development, LLC, and numerous individuals opposed this measure. The Department of Taxation, Department of the Attorney General, and Tax Foundation of Hawaii provided comments.

Your Committee notes that this measure will subject wholesalers and dealers of e-liquid to a tax of 70% of the wholesale price of the e-liquid. The new tax would be similar to a floor tax and can quickly impact businesses.

Your Committee further notes that concerns were raised regarding the fines that may be assessed pursuant to this measure and that these fines may be difficult to apply to out-of-state actors who ship products to Hawaii consumers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2492, H.D. 1, and recommends that it be referred to your Committee on Finance.

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



ROY M. TAKUMI, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: <i>HB 2492, HD1</i>	Committee Referral: <i>HHS, CPC, FIN</i>	Date: <i>2/13/18</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKUMI, Roy M. (C)	✓			
2. ICHIYAMA, Linda (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. ITO, Ken	✓			
5. JOHANSON, Aaron Ling				✓
6. LoPRESTI, Matthew S.	✓			
7. MIZUNO, John M.	✓			
8. SAY, Calvin K.Y.	✓			
9. TOKIOKA, James Kunane				✓
10. YAMANE, Ryan I.	✓			
11. McDERMOTT, Bob			✓	
TOTAL (11)	<i>8</i>	<i>0</i>	<i>1</i>	<i>2</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>Linda Ichizane</i>				
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