

Honolulu, Hawaii

MAR 16 , 2018

RE: S.B. No. 2654
S.D. 2
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 S.B. No. 2654, 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 protect the public health by decreasing the consumption of electronic smoking devices, also known as e-cigarettes.

Specifically, this measure:

- (1) Prohibits the shipment of tobacco products for sale to anyone other than a licensee;
- (2) Prohibits the transport of tobacco products ordered through remote sale to anyone other than a licensee;
- (3) Amends the definition of "tobacco products" as used in the Cigarette Tax and Tobacco Tax Law to include "e-liquid";
- (4) Increases the license fees for wholesalers or dealers of cigarettes and tobacco products; and



- (5) Increases the fees for retail tobacco permits.

The Department of Health, Cancer Prevention in the Pacific Program of the University of Hawaii Cancer Center, Hawai'i Public Health Association, American Heart Association, Breathe Aloha Club at the University of Hawaii at Manoa, Hawai'i Public Health Institute, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, Blue Zones Project-Hawaii, Kapi'olani Smokefree Families at Kapi'olani Medical Center for Women & Children, Pioneering Healthier Communities of Honolulu, Hawaii COPD Coalition, Student Health Advisory Council, and many individuals supported this measure. The Retail Merchants of Hawaii, VOLCANO Fine Electronic Cigarettes, PCG Enterprises LLC, Eciggity, Irie Hawaii Smoke Shop, Hawaii Cigar Association, Kauai Cigar Company, Puff Factory, Hawaii Smokers Alliance, and many individuals opposed this measure. The Department of the Attorney General, Department of Taxation, and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Inserting the provisions from H.B. No. 1636, H.D. 1, which was previously heard by your Committee, that increases the excise tax on:
 - (A) Each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer; and
 - (B) The wholesale price of each article or item of tobacco products, other than large cigars, sold by the wholesaler or dealer;however, making the increases unspecified amounts;
- (2) Changing its effective date to July 1, 3000, to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style, and to eliminate redundancies in the measure.

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



S.B. No. 2654, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2654, S.D. 2, 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



