

Honolulu, Hawaii

APR 06 , 2018

RE: S.B. No. 2654
S.D. 2
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2654, S.D. 2, 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 protect public health by decreasing the consumption of electronic smoking devices, also known as e-cigarettes, and other tobacco products. Specifically, this measure:

- (1) Prohibits the shipment of tobacco products, including electronic smoking devices, 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 and the purchase, use, or possession of tobacco products for which state taxes have not been paid by any person;
- (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;
- (5) Increases the fees for retail tobacco permits; and
- (6) Increases, by an unspecified amount, 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 a wholesaler or dealer.

The Department of Health, Coalition for a Tobacco-Free Hawai'i, Keiki Injury Prevention Coalition, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Hawaii COPD Coalition, Kapi'olani Smokefree Families, and numerous individuals testified in support of this measure. VOLCANO Fine Electronic Cigarettes, PCG Enterprises LLC, Smokeless Hawaii Enterprises, Irie Hawaii, Kauai Cigar Company, Hawaii Cigar Association, Eciggity, Retail Merchants of Hawaii, Hawaii Smokers Alliance, and numerous individuals opposed this measure. The Department of Taxation, American Heart Association, and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

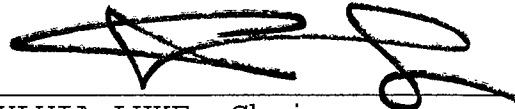
- (1) Establishing an electronic smoking device retailer registration unit within the Department of the Attorney General to regulate businesses that sell electronic smoking devices;
- (2) Requiring cigarette and tobacco products retailers to display or store these products in a certain way;
- (3) Amending applicable Penal Code provisions relating to the prohibition on selling electronic smoking devices to people under the age of twenty-one;
- (4) Specifying that the regulation of electronic smoking devices, cigarettes, and tobacco products are a matter that is of statewide concern;



- (5) Including provisions related to the delivery and sale of electronic smoking devices to purchasers within the State; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2654, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2654, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



