

Honolulu, Hawaii

MAR 23 , 2018

RE: S.B. No. 2843
S.D. 1
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. 2843, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the current excise tax rate of fifty percent of the wholesale price of a large cigar to the lesser of fifty cents per cigar, or fifty percent of the cigar's wholesale price, effective on and after July 1, 2018.

The Kauai Cigar Company, Hawaii Cigar Association, International Premium Cigar and Pipe Retailers Association, Cigar Association of America, Inc., and numerous concerned individuals supported this measure. The Department of Health, American Heart Association, American Cancer Society Cancer Action Network, Hawai'i Public Health Institute Coalition for a Tobacco-Free Hawai'i, Hawai'i Public Health Association, Keiki Injury Prevention Coalition, and numerous concerned individuals opposed this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by deleting its contents and inserting in its place the contents of House Bill No. 1636, a measure that was previously heard and recommended for



passage by your Committee, which amends 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 little cigars from 16 cents per cigarette or little cigar to 22.5 cents on July 1, 2018; and
- (3) The excise tax on the wholesale price of each article or item of tobacco products, other than large cigars, sold by a wholesaler or dealer from 70 percent to 80 percent on July 1, 2018.

Your Committee has further amended this measure by making it effective July 1, 3000.

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. 2843, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2843, S.D. 1, 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



