

STAND. COM. REP. NO.

1370

Honolulu, Hawaii

March 24, 2017

RE: S.B. No. 404  
S.D. 2  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committees on Health and Consumer Protection & Commerce,  
to which was referred S.B. No. 404, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHAPTER 245, HAWAII REVISED  
STATUTES,"

beg leave to report as follows:

The purpose of this measure is to apply to the sale of  
electronic smoking devices and e-liquid the same permit and  
license requirements and excise tax that applies to the sale of  
cigarettes and tobacco products. This measure also increases the  
retail tobacco permit fee and the tobacco wholesale or dealer  
license fee.

Your Committees received testimony in support of this measure  
from the Hawaii Public Health Association and several individuals.  
Your Committees received testimony in opposition to this measure  
from VOLCANO Fine Electronic Cigarettes, ABC Stores, and numerous  
individuals. The Department of the Attorney General, Department  
of Taxation, Coalition for a Tobacco-Free Hawai'i, American Heart  
Association, and Tax Foundation of Hawaii submitted comments.

SB404 HD1 HSCR HLT-CPC HMS 2017-3274



Your Committees have amended this measure by:

- (1) Inserting language to clarify that penalties for the retail sale of cigarettes or tobacco products without a retail tobacco permit apply to the unpermitted sale of electronic smoking devices or e-liquid;
- (2) Changing the excise tax amount applicable to the sale of electronic smoking devices and e-liquid to an unspecified percentage of the wholesale price; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that several testifiers at the public hearing held on this measure requested that a portion of the revenue from the excise tax on electronic smoking devices and e-liquid established by this measure be applied to community programs or activities for tobacco education, prevention, and control. Your Committees find that this request merits consideration and urge that discussion of such programs be included in continuing discussions on this measure.

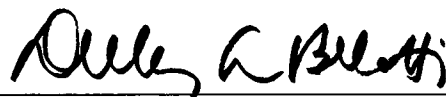
As affirmed by the records of votes of the members of your Committees on Health and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 404, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 404, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committees on Health and  
Consumer Protection & Commerce,



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ROY M. TAKUMI, Chair



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DELLA AU BELATTI, Chair





