

STAND. COM. REP. NO.

2212

Honolulu, Hawaii

, 2019

APR 05

RE: S.B. No. 1405

S.D. 2

H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1405, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ELECTRONIC SMOKING PRODUCTS,"

begs leave to report as follows:

The purpose of this measure is to deter the use of electronic smoking devices and treat electronic smoking devices and e-liquid products similarly to tobacco products by:

- (1) Prohibiting the shipment of e-liquid products with limited exceptions;
- (2) Including e-liquid and electronic smoking devices containing e-liquid within the definition of "tobacco product" for the purposes of the Cigarette Tax and Tobacco Tax Law, thereby:
 - (A) Subjecting e-liquid and electronic smoking devices containing e-liquid to the excise tax on tobacco products;
 - (B) Requiring retailers of e-liquid to obtain a retail tobacco permit to sell, possess, keep, acquire, distribute, or transport e-liquid;

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- (C) Prohibiting persons from engaging in the business of a wholesaler or dealer of e-liquid without first obtaining a license from the Department of Taxation; and
- (D) Applying other requirements of chapter 245, Hawaii Revised Statutes;
- (3) Increasing the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products, including e-liquid;
- (4) Increasing the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products, including e-liquid;
- (5) Allocating portions of the tobacco tax revenues, including tax on e-liquid, to the Tobacco Prevention and Control Trust Fund and to the University of Hawaii Cancer Center to support tobacco and cancer prevention research; and
- (6) Repealing the Electronic Smoking Device Retailer Registration Unit within the Department of the Attorney General.

The Department of the Attorney General, Department of Health, Presiding Officer Pro Tempore of the Maui County Council, Maui County Councilmembers for West Maui and Upcountry residency areas, Office of the Prosecuting Attorney for the County of Kaua'i, Hawaii State Teachers Association, Hawaii Pacific Health, Hawaii Primary Care Association, Blue Zones Project - Hawaii, Kaho'omiki, Bridge Club Hawaii, Coalition for a Drug-Free Hawaii, Kapiolani Smokefree Families, American Heart Association, Hawai'i Public Health Institute, IMUA Maui, Alexander Academy of Performing Arts, American Cancer Society Cancer Action Network, Hana Lima Physical Therapy, Keiki Injury Prevention Coalition, Adventist Health Castle, and numerous individuals submitted testimony in support of this measure. The Retail Merchants of Hawaii, Irie Hawaii Stores, Hawaii Smokers Alliance, Volcano Fine Electronic Cigarettes, and many individuals submitted testimony in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this measure by:

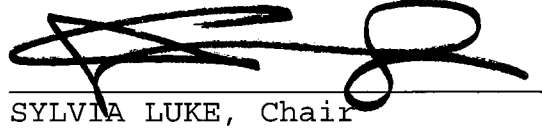


- (1) Clarifying that the Department of the Attorney General is tasked with enforcing the prohibition on the shipment of e-liquid products;
- (2) Removing the repeal of the Electronic Smoking Device Retailer Registration Unit within the Department of the Attorney General;
- (3) Removing the provisions that include e-liquid and electronic smoking devices containing e-liquid within the definition of "tobacco product" for the purposes of the Cigarette Tax and Tobacco Tax Law;
- (4) Removing the provisions that allocate portions of the tobacco tax revenues, including tax on e-liquid, to the Tobacco Prevention and Control Trust Fund and to the University of Hawaii Cancer Center to support tobacco and cancer prevention research;
- (5) Increasing the administrative fines for the possession or public consumption of tobacco products, including electronic smoking devices, by persons under the age of twenty-one;
- (6) Increasing the criminal fines for the purchase or possession of tobacco products, including electronic smoking devices, by persons under the age of twenty-one;
- (7) Increasing the administrative fine for the delivery sales in the State of any electronic smoking device to persons under the age of twenty-one; and
- (8) 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. 1405, 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. 1405, S.D. 2, H.D. 2.



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

A handwritten signature in black ink, appearing to be 'Sylvia Luke', written over a horizontal line.

SYLVIA LUKE, Chair



