

STAND. COM. REP. NO.

634

Honolulu, Hawaii

FEB 19 , 2021

RE: H.B. No. 598
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 598, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO PRODUCTS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the offense of unlawful shipment of tobacco products;
- (2) Increase the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products;
- (3) Increase the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products;
- (4) Allocate a portion of funds collected from excise taxes on tobacco products to health education and prevention programs concerning the risks and dangers of the use of electronic smoking devices for youth; and
- (5) Repeal various statutory provisions relating to electronic smoking devices.



Your Committee received testimony in support of this measure from the Hawaii Substance Abuse Coalition, Hawaii State Teachers Association, Hawaii Dental Association, American Cancer Society Cancer Action Network, AlohaCare, Blue Zones Project, and ten individuals. Your Committee received testimony in opposition to this measure from Black Lava Vape, Americans for Tax Reform, American Vaping Association, VOLCANO Vape Shops, Retail Merchants of Hawaii, Hawaii Smokers Alliance, Hawaii Cigar Association, and numerous individuals. Your Committee received comments on this measure from the Department of Health; Department of Taxation; Department of the Attorney General; Tax Foundation of Hawaii; Hawaii Food Industry Association; Coalition for a Tobacco-Free Hawai'i; Hawaii Primary Care Association; American Heart Association; American Lung Association in Hawaii; Kauai Cigar Company; Cigar Rights of America, Hawai'i; and two individuals.

Your Committee finds that use of electronic smoking devices by youth and adults has become a public health concern. Since electronic smoking devices remain unregulated, electronic smoking device companies have aggressively marketed their products by glamorizing their use, using celebrities and young adults as endorsers, and making false health claims. Your Committee believes that the rapid growth of the electronic smoking device industry, including retail businesses selling electronic smoking devices, necessitates further regulations to protect consumers.

Your Committee further finds that a October 2020 poll conducted on behalf of the Coalition for a Tobacco-Free Hawaii found that ninety-five percent of registered Hawaii voters believe it is important to dedicate some of the funding from a electronic smoking device tax to tobacco prevention and cessation programs. This measure allocates a portion of funds collected from excise taxes on tobacco products to fund health education and prevention programs concerning the risks and dangers of electronic smoking devices for youth.

Your Committee has amended this measure by:

- (1) Clarifying that the requirement to specify whether a place of business sells electronic smoking devices applies to the initial application for and the renewal of a retail tobacco permit; and



- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 598, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 598, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



AARON LING JOHANSON, Chair



