

Honolulu, Hawaii

MAR 05 2021

RE: S.B. No. 1147
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred S.B. No. 1147, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Make unlawful the sale of flavored tobacco products, mislabeling of e-liquid products containing nicotine, and sale of tobacco products other than through retail sales via in-person exchange;
- (2) Establish the offense of unlawful shipment of tobacco products;
- (3) Include e-liquid and electronic smoking devices within the definition of "tobacco products", as used in the cigarette tax and tobacco tax law;
- (4) Increase the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products;
- (5) Increase the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products;



- (6) Repeal certain provisions of the Hawaii Revised Statutes relating to electronic smoking devices; and
- (7) Provide for the disposition of fines paid for the unlawful shipment of tobacco products into the Hawaii Tobacco Prevention and Control Trust Fund.

Your Committees received testimony in support of this measure from the Department of Taxation; Department of the Attorney General; Department of Health; Hawaii State Teachers Association; Blue Zones Project; Young Progressives Demanding Action; Americans for Democratic Action Hawai'i; Hawai'i Children's Action Network Speaks!; Hawaii COPD Coalition; University of Hawaii Student Health Advisory Council; We are One, Inc.; Hawaii Substance Abuse Coalition; Get Fit Kauai; Kamehameha Schools; Windward Nazarene Academy; Maui Preparatory Academy; St. Andrew's Schools; Waimea Country School; Malamalama Waldorf School; Roots School; Maryknoll School; Holy Nativity School; Mid-Pacific; Damien Memorial School; Hawai'i Public Health Institute; PHOCUSED; AlohaCare; and eighty-eight individuals. Your Committees received testimony in opposition to this measure from the American Heart Association; Hawaii Smokers Alliance; Cigar Association of America, Inc.; VOLCANO; Hawaiian Royal Trading Company and twelve individuals. Your Committees received comments on this measure from Tax Foundation of Hawaii, Hawaii Food Industry Association, Cancer Action Network, Campaign for Tobacco-Free Kids, Hawaii Petroleum Marketers Association, and one individual.

Your Committees find that Hawaii does not regulate electronic smoking devices, or e-cigarettes, through licensing or permitting, and because they are not taxed like other tobacco products, they often can be purchased at lower prices than regular cigarettes. E-cigarettes have become the most commonly used tobacco product among youth in Hawaii, with over thirty percent of high school students reporting to be current users. According to the U.S. Surgeon General and several studies, increasing the price of tobacco products is the single most effective way to reduce consumption, especially among youth, who are particularly price sensitive. Further, the imposition of an excise tax equal to seventy percent of the wholesale price of each e-liquid and electronic smoking device is consistent with the tax on other tobacco products. This measure is therefore an important



comprehensive legislative approach to address the youth vaping epidemic and protect the health of Hawaii's residents.

Your Committees have amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1147, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 1147, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Ways and Means,

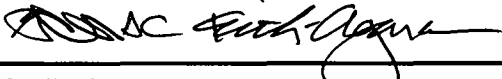
Donovan M. DeLa Cruz
DONOVAN M. DELA CRUZ, Chair

Karl Rhoads
KARL RHOADS, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1147, SD1	HTH/CPN, JDC/WAM	3/3/21		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.			X	
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	10		1	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes