

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-First State Legislature Regular Session of 2022 State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 1491 entitled:

"A BILL FOR AN ACT RELATING TO THE CIGARETTE TAX AND TOBACCO TAX LAW,"

begs leave to report as follows:

The purpose of this measure is to:

- Repeal the deferred payment purchase option for cigarette tax stamps; and
- (2) Require licensees to pay for cigarette tax stamps at the time of purchase using cash, certified check, or bank transfer.

Your Committee received testimony in support of this measure from the Department of Taxation. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance and one individual. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that existing law authorizes deferred payment purchases for cigarette stamp fees. However, your Committee finds that deferred payment purchase of cigarette stamps is no longer necessary and that having the taxpayer pay upon



purchase is the most efficient way to administer the cigarette stamps program.

Your Committee notes the testimony of the Department of Taxation before your Committee, which requested that statutory language regarding the Department's authority to modify the cigarette stamp fee be maintained.

Accordingly, your Committee has amended this measure by reinstating language that provides the Department of Taxation with the authority to modify the cigarette stamp fee to reflect actual costs incurred by the State in providing the stamps.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1491, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1491, H.D. 1, and be referred to your Committee on Finance.

> Respectfully submitted on behalf of the members of the Committee on Economic Development,

SEAN QUINLAN, Chair



State of Hawaii House of Representatives The Thirty-first Legislature



## **Record of Votes of the Committee on Economic Development**

Bill/Resolution No.: HB 1491	Committee	Referral: ECD, FI		Date: 2/9/22	
The committee is reconsidering its previous decision on the measure					
The recommendation is to: <ul> <li>Pass, unamended (as is)</li> <li>Pass, with amendments (HD)</li> <li>Hold</li> <li>Pass short form bill with HD to recommit for future public hearing (recommit)</li> </ul>					
ECD Members		Ayes	Ayes (WR	) Nays	Excused
1. QUINLAN, Sean (C)					
2. HOLT, Daniel (VC)		<u> </u>			
3. BELATTI, Della Au		J			
				<u>er handsvær</u>	
4. KOBAYASHI, Dale T.					
5. ONISHI, Richard H.K.		V			
6. SAYAMA, Jackson D.					
U. DATAMA, JUCKSON D.					
7. TAKAYAMA, Gregg	liifugto international and d			akalogia (a., silatana ang pina manakala daka	and a state of the second second second second second
8. OKIMOTO, Val					1997 D. L. C'Alters, 2015 An 2006 ("mainte of Chancellin The Josh" - Weighteda
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TOTAL (8)		7	D		0
The recommendation is: Adopted INot Adopted					
If joint referral, did not support recommendation.					
Vice Chair's or designee's signature:					
Distribution:         Original (White) - Committee         Duplicate (Yellow) - Chief Clerk's Office         Duplicate (Pink) - HMSO					

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