

STAND. COM. REP. NO. 750-22

Honolulu, Hawaii

FEB 15 , 2022

RE: H.B. No. 1491
H.D. 1

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:

- (1) 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

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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



