

Honolulu, Hawaii

FEB 11 2021

RE: S.B. No. 138  
S.D. 1

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

Sir:

Your Committee on Health, to which was referred S.B. No. 138 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning July 1, 2021; and
- (2) Allocate excise tax revenue generated at the increased rate to specified health improvement purposes beginning July 1, 2021.

Your Committee received testimony in support of this measure from the Department of Health, University of Hawai'i Cancer Center, Hawaii Health Systems Corporation, Hawai'i Public Health Institute, American Heart Association, Hawaii Dental Association, American Cancer Society Cancer Action Network, Hawaii Medical Association, AlohaCare, Hawaii Substance Abuse Coalition, and four individuals. Your Committee received testimony in opposition to this measure from Retail Merchants of Hawaii and eight individuals. Your Committee received comments on this measure from the Department of Taxation and Hawai'i Primary Care Association.



Your Committee finds that tobacco use is the most preventable cause of death in Hawaii, killing approximately one thousand four hundred people every year. Your Committee also finds that tobacco use is a drain on the State's economy, costing the State approximately \$526 million in health care costs every year. Research has shown that significantly increasing the excise tax and price of tobacco products is the most consistently effective tool for reducing tobacco use. This measure increases the tobacco tax on certain tobacco products by five cents and allocates the revenue generated from the tax to health improvement programs.

Your Committee notes the testimony of the Department of Taxation, requesting that the bill's effective date be no earlier than July 1, 2022, to give the Department sufficient time to update its forms, instructions, computer systems, and cigarette stamps. Your Committee also finds that further deliberation of the amount of the tobacco tax increase and the disposition of the resulting revenues is needed.

Therefore, your Committee has amended this measure by:

- (1) Inserting an unspecified tax increase amount;
- (2) Inserting unspecified amounts for the dispositions of revenue generated from such tax;
- (3) Inserting unspecified recipients and listing the general fund as a recipient for the dispositions of revenue generated from such tax;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 138, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 138, S.D. 1, and be referred to your Committee on Ways and Means.



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



TARRETT KEOHOKALOLE, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Health**  
**HTH**

Bill / Resolution No.:*	Committee Referral:	Date:
SB138	HTH, WAM	2-8-2021

The Committee is reconsidering its previous decision on this measure.  
If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
BAKER, Rosalyn (VC)	✓			
MORIWAKI, Sharon Y.	✓			
SAN BUENAVENTURA, Joy A.	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	5	—	—	—

Recommendation:     Adopted     Not Adopted

Chair's or Designee's Signature:  
*Rosalyn H Baker*

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\*Only one measure per Record of Votes