

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

ISAAC W. CHOY  
DIRECTOR OF TAXATION

To: The Honorable Rosalyn H. Baker, Chair;  
The Honorable Stanley Chang, Vice Chair;  
and Members of the Senate Committee on Commerce and Consumer Protection

From: Isaac W. Choy, Director  
Department of Taxation

Date: Friday, February 04, 2022  
Time: 9:30 A.M.  
Place: Via Video Conference, State Capitol

**Re: S.B. 2376, Relating to Tobacco Taxes**

The Department of Taxation (Department) supports S.B. 2376 and offers the following comments for your consideration.

S.B. 2376 amends chapter 245, Hawaii Revised Statutes (HRS), to repeal all portions related to the “deferred payment purchase” provisions related to purchase of required cigarette tax stamps. Included in these provisions are portions of sections 245-26, 245-27, 245-28, 245-29, and 245-30, HRS. These sections encompass portions related to the availability of deferred payment, maximum amount of deferred payment, time for payment of deferred payment purchases, suspension or reduction of privileges related to deferred payment, and penalties for failure to make timely payments. The measure takes effect on January 1, 2023.

The Department believes that the 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 this program.

Thank you for the opportunity to provide testimony in support of this measure.

**SB-2376**

Submitted on: 1/31/2022 4:10:24 PM

Testimony for CPN on 2/4/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Bill Patterson	Individual	Oppose	No

Comments:

Opposed.

# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** TOBACCO, Eliminates Deferred Payment Option for Tax Stamps

**BILL NUMBER:** SB 2376

**INTRODUCED BY:** MORIWAKI, Keith-Agaran, Shimabukuro

**EXECUTIVE SUMMARY:** Repeals and eliminates the deferred payment purchase option for cigarette tax stamps. Requires licensees to pay for stamps at the time of purchase using cash, certified check, or bank transfer.

**SYNOPSIS:** Amends section 245-26, HRS, to provide that payment for stamps shall be made at the time of purchase by cash, certified check, or bank transfer.

Repeals sections 245-27 to 245-30, HRS.

**EFFECTIVE DATE:** January 1, 2023

**STAFF COMMENTS:** We are unsure of the need for this bill and will reserve comment until we have the chance to review other testimony.

Digested: 2/2/2022