

STAND. COM. REP. NO. 550

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1280

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred S.B. No. 1280 entitled:

"A BILL FOR AN ACT RELATING TO FUNDING FOR THE DEPARTMENT OF THE ATTORNEY GENERAL TOBACCO ENFORCEMENT UNIT,"

begs leave to report as follows:

The purpose and intent of this measure is to increase and stabilize the amount of funding for the Tobacco Enforcement Special Fund within the Department of the Attorney General by:

- (1) Increasing the amount of funds that the Tobacco Enforcement Special Fund can carry over at the end of the fiscal year;
- (2) Increasing the cigarette tax stamp fee and by concurrently increasing the percentage of the cigarette tax stamp fee deposited to the Tobacco Enforcement Special Fund; and
- (3) Amending the amount of funds to be deposited in the Tobacco Enforcement Special Fund from the Hawai'i Tobacco Settlement Special Fund.

Your Committee received testimony in support of this measure from the Department of Taxation, Department of Health, Department of the Attorney General, Hawai'i Public Health Institute, Hawaii Primary Care Association, and American Cancer Society Cancer



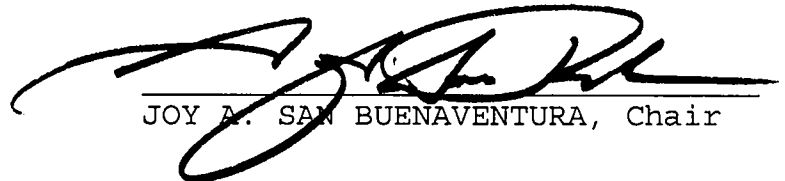
Action Network. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance and four individuals. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that section 28-15, Hawaii Revised Statutes, established the Tobacco Enforcement Special Fund within the Department of the Attorney General and mandated its use by the Department of the Attorney General for administering, monitoring, and enforcing the Master Settlement Agreement and related laws, including chapters 486P and 675, Hawaii Revised Statutes. Your Committee also finds that the Tobacco Enforcement Unit is also specifically tasked with enforcing the cigarette tax stamp program pursuant to chapter 245, Hawaii Revised Statutes, and any other statutes or programs relating to that chapter.

Currently, the Tobacco Enforcement Unit receives \$350,000 from the annual Master Settlement Agreement payment, but most of the Tobacco Enforcement Unit's funding is derived from the cigarette tax. This measure would stabilize funding for the Unit in anticipation of future reductions in cigarette tax revenues, there by allowing the Unit to maintain the resources necessary for diligent enforcement and arbitration preparation.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1280 and recommends that it pass Second Reading and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



