
A BILL FOR AN ACT

RELATING TO CIGARETTE TAXES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 245-3, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Every wholesaler or dealer, in addition to any other
4 taxes provided by law, shall pay, for the privilege of
5 conducting business and other activities in the State, an excise
6 tax equal to:

7 (1) 5.00 cents for each cigarette sold, used, or possessed
8 by a wholesaler or dealer after June 30, 1998, whether
9 or not sold at wholesale, or if not sold, then at the
10 same rate upon the use by the wholesaler or dealer;

11 (2) 6.00 cents for each cigarette sold, used, or possessed
12 by a wholesaler or dealer after September 30, 2002,
13 whether or not sold at wholesale, or if not sold, then
14 at the same rate upon the use by the wholesaler or
15 dealer;

16 (3) 6.50 cents for each cigarette sold, used, or possessed
17 by a wholesaler or dealer after June 30, 2003, whether

H.B. NO. 2504

- 1 or not sold at wholesale, or if not sold, then at the
2 same rate upon the use by the wholesaler or dealer;
- 3 (4) 7.00 cents for each cigarette sold, used, or possessed
4 by a wholesaler or dealer after June 30, 2004, whether
5 or not sold at wholesale, or if not sold, then at the
6 same rate upon the use by the wholesaler or dealer;
- 7 (5) 8.00 cents for each cigarette sold, used, or possessed
8 by a wholesaler or dealer on and after September 30,
9 2006, whether or not sold at wholesale, or if not
10 sold, then at the same rate upon the use by the
11 wholesaler or dealer;
- 12 (6) 9.00 cents for each cigarette sold, used, or possessed
13 by a wholesaler or dealer on and after September 30,
14 2007, whether or not sold at wholesale, or if not
15 sold, then at the same rate upon the use by the
16 wholesaler or dealer;
- 17 (7) 10.00 cents for each cigarette sold, used, or
18 possessed by a wholesaler or dealer on and after
19 September 30, 2008, whether or not sold at wholesale,
20 or if not sold, then at the same rate upon the use by
21 the wholesaler or dealer;

H.B. NO. 2504

- 1 (8) 13.00 cents for each cigarette sold, used, or
2 possessed by a wholesaler or dealer on and after July
3 1, 2009, whether or not sold at wholesale, or if not
4 sold, then at the same rate upon the use by the
5 wholesaler or dealer;
- 6 (9) 11.00 cents for each little cigar sold, used, or
7 possessed by a wholesaler or dealer on and after
8 October 1, 2009, whether or not sold at wholesale, or
9 if not sold, then at the same rate upon the use by the
10 wholesaler or dealer;
- 11 (10) 15.00 cents for each cigarette or little cigar sold,
12 used, or possessed by a wholesaler or dealer on and
13 after July 1, 2010, whether or not sold at wholesale,
14 or if not sold, then at the same rate upon the use by
15 the wholesaler or dealer;
- 16 (11) 16.00 cents for each cigarette or little cigar sold,
17 used, or possessed by a wholesaler or dealer on and
18 after July 1, 2011, whether or not sold at wholesale,
19 or if not sold, then at the same rate upon the use by
20 the wholesaler or dealer;
- 21 (12) 18.00 cents for each cigarette or little cigar sold,
22 used, or possessed by a wholesaler or dealer on and

H.B. NO. 2504

1 after July 1, 2024, whether or not sold at wholesale,
2 or if not sold, then at the same rate upon the use by
3 the wholesaler or dealer;

4 ~~[(12)]~~ (13) Seventy per cent of the wholesale price of each
5 article or item of tobacco products, other than large
6 cigars, electronic smoking devices, and e-liquids,
7 sold by the wholesaler or dealer on and after
8 September 30, 2009, whether or not sold at wholesale,
9 or if not sold, then at the same rate upon the use by
10 the wholesaler or dealer;

11 ~~[(13)]~~ (14) Fifty per cent of the wholesale price of each
12 large cigar of any length sold, used, or possessed by
13 a wholesaler or dealer on and after September 30,
14 2009, whether or not sold at wholesale, or if not
15 sold, then at the same rate upon the use by the
16 wholesaler or dealer; and

17 ~~[(14)]~~ (15) Seventy per cent of the wholesale price of each
18 electronic smoking device or e-liquid sold, used, or
19 possessed by a wholesaler or dealer on and after
20 January 1, 2024, whether or not sold at wholesale, or
21 if not sold, then at the same rate upon the use by the
22 wholesaler or dealer.

H.B. NO. 2504

1 Where the tax imposed has been paid on cigarettes, little
2 cigars, or tobacco products that thereafter become the subject
3 of a casualty loss deduction allowable under chapter 235, the
4 tax paid shall be refunded or credited to the account of the
5 wholesaler or dealer. The tax shall be applied to cigarettes
6 through the use of stamps."

7 SECTION 2. Section 245-15, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§245-15 Disposition of revenues. All moneys collected
10 pursuant to this chapter shall be paid into the state treasury
11 as state realizations to be kept and accounted for as provided
12 by law; provided that, of the moneys collected under the tax
13 imposed pursuant to:

14 (1) Section 245-3(a)(5), after September 30, 2006, and
15 prior to October 1, 2007, 1.0 cent per cigarette shall
16 be deposited to the credit of the Hawaii cancer
17 research special fund, established pursuant to section
18 304A-2168, for research and operating expenses and for
19 capital expenditures;

20 (2) Section 245-3(a)(6), after September 30, 2007, and
21 prior to October 1, 2008:

H.B. NO. 2504

- 1 (A) 1.5 cents per cigarette shall be deposited to the
2 credit of the Hawaii cancer research special
3 fund, established pursuant to section 304A-2168,
4 for research and operating expenses and for
5 capital expenditures;
- 6 (B) 0.25 cents per cigarette shall be deposited to
7 the credit of the trauma system special fund
8 established pursuant to section 321-22.5; and
- 9 (C) 0.25 cents per cigarette shall be deposited to
10 the credit of the emergency medical services
11 special fund established pursuant to section 321-
12 234;
- 13 (3) Section 245-3(a)(7), after September 30, 2008, and
14 prior to July 1, 2009:
- 15 (A) 2.0 cents per cigarette shall be deposited to the
16 credit of the Hawaii cancer research special
17 fund, established pursuant to section 304A-2168,
18 for research and operating expenses and for
19 capital expenditures;
- 20 (B) 0.5 cents per cigarette shall be deposited to the
21 credit of the trauma system special fund
22 established pursuant to section 321-22.5;

H.B. NO. 2504

- 1 (C) 0.25 cents per cigarette shall be deposited to
2 the credit of the community health centers
3 special fund established pursuant to section 321-
4 1.65; and
- 5 (D) 0.25 cents per cigarette shall be deposited to
6 the credit of the emergency medical services
7 special fund established pursuant to section 321-
8 234;
- 9 (4) Section 245-3(a)(8), after June 30, 2009, and prior to
10 July 1, 2013:
- 11 (A) 2.0 cents per cigarette shall be deposited to the
12 credit of the Hawaii cancer research special
13 fund, established pursuant to section 304A-2168,
14 for research and operating expenses and for
15 capital expenditures;
- 16 (B) 0.75 cents per cigarette shall be deposited to
17 the credit of the trauma system special fund
18 established pursuant to section 321-22.5;
- 19 (C) 0.75 cents per cigarette shall be deposited to
20 the credit of the community health centers
21 special fund established pursuant to section 321-
22 1.65; and

H.B. NO. 2504

- 1 (D) 0.5 cents per cigarette shall be deposited to the
2 credit of the emergency medical services special
3 fund established pursuant to section 321-234;
- 4 (5) Section 245-3(a)(11), after June 30, 2013, and prior
5 to July 1, 2015:
- 6 (A) 2.0 cents per cigarette shall be deposited to the
7 credit of the Hawaii cancer research special
8 fund, established pursuant to section 304A-2168,
9 for research and operating expenses and for
10 capital expenditures;
- 11 (B) 1.5 cents per cigarette shall be deposited to the
12 credit of the trauma system special fund
13 established pursuant to section 321-22.5;
- 14 (C) 1.25 cents per cigarette shall be deposited to
15 the credit of the community health centers
16 special fund established pursuant to section 321-
17 1.65; and
- 18 (D) 1.25 cents per cigarette shall be deposited to
19 the credit of the emergency medical services
20 special fund established pursuant to section 321-
21 234; [and]

H.B. NO. 2504

- 1 (6) Section 245-3(a)(11), after June 30, 2015, and
2 thereafter:
- 3 (A) 2.0 cents per cigarette shall be deposited to the
4 credit of the Hawaii cancer research special
5 fund, established pursuant to section 304A-2168,
6 for research and operating expenses and for
7 capital expenditures;
- 8 (B) 1.125 cents per cigarette, but not more than
9 \$7,400,000 in a fiscal year, shall be deposited
10 to the credit of the trauma system special fund
11 established pursuant to section 321-22.5;
- 12 (C) 1.25 cents per cigarette, but not more than
13 \$8,800,000 in a fiscal year, shall be deposited
14 to the credit of the community health centers
15 special fund established pursuant to section 321-
16 1.65; and
- 17 (D) 1.25 cents per cigarette, but not more than
18 \$8,800,000 in a fiscal year, shall be deposited
19 to the credit of the emergency medical services
20 special fund established pursuant to section 321-
21 234 [-]; and

H.B. NO. 2504

- 1 (7) Section 245-3(a)(12), after June 30, 2024, and
2 thereafter:
- 3 (A) 4.0 cents per cigarette shall be deposited to the
4 credit of the Hawaii cancer research special
5 fund, established pursuant to section 304A-2168,
6 for research and operating expenses and for
7 capital expenditures;
- 8 (B) 1.125 cents per cigarette, but not more than
9 \$7,400,000 in a fiscal year, shall be deposited
10 to the credit of the trauma system special fund
11 established pursuant to section 321-22.5;
- 12 (C) 1.25 cents per cigarette, but not more than
13 \$8,800,000 in a fiscal year, shall be deposited
14 to the credit of the community health centers
15 special fund established pursuant to section 321-
16 1.65; and
- 17 (D) 1.25 cents per cigarette, but not more than
18 \$8,800,000 in a fiscal year, shall be deposited
19 to the credit of the emergency medical services
20 special fund established pursuant to section 321-
21 234.

H.B. NO. 2504

1 The department shall provide an annual accounting of these
2 dispositions to the legislature."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act, upon its approval, shall take effect
6 on July 1, 2024.

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INTRODUCED BY: _____

Jan

9

BY REQUEST

JAN 22 2024

H.B. NO. 2504

Report Title:

Cigarette Tax; Cancer Research Special Fund

Description:

Increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawaii cancer research special fund.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO CIGARETTE TAXES.

PURPOSE: To increase the cigarette tax and amend the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawaii cancer research special fund.

MEANS: Amend sections 245-3(a) and 245-15, Hawaii Revised Statutes.

JUSTIFICATION: Since its inception, the cigarette tax revenue has been used to support vital health care services in the state, including cancer research and prevention, the state trauma system, community health center, and emergency medical services. Act 316, Session Laws of Hawaii 2006, states that the Legislature "finds that allocating a significant percentage of tobacco tax revenues to programs that strive to maintain Hawaii's health such as the cancer research center of Hawaii, Hawaii's emergency medical services, critically needed trauma centers, and the community health centers are the most appropriate and effective use of such revenues to help the greatest number of people in our island-state."

A portion of the cigarette tax revenue currently benefiting the Hawaii cancer research special fund is specifically pledged towards revenue bonds that were sold to construct the University of Hawaii Cancer Center in 2010 and Cancer Center-related research operations.

In recent years, cigarette tax revenue has declined, resulting in diminished revenues to the Hawaii cancer research special fund. This jeopardizes the revenue stream for debt service for the revenue bonds and impacts

H.B. NO. 2504

the availability of resources for Cancer Center operations.

Impact on the public: Impact to the general public will be increasingly beneficial because the Hawaii cancer research special fund will be able to continue its work unabated and reduce the burden of cancer on the Pacific Region's population. Tobacco users will see an increase to their costs, which may decrease their tobacco use.

Impact on the department and other agencies: The increased revenue to the Hawaii cancer research special fund from the cigarette tax disposition of revenues will reverse the recent trend of declining revenues which jeopardizes the debt service payments for the revenue bonds and the available resources for Cancer Center operations.

Additionally, increased resources for the Hawaii Cancer Center will assist in maintaining its National Cancer Institute-designated status and help to advance the Hawaii Cancer Center's mission to reduce the burden of cancer with an emphasis on the unique characteristics of Hawaii and the Pacific.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: UOH 115.

OTHER AFFECTED AGENCIES: Department of Budget and Finance; Department of Health; Department of Taxation; Department of the Attorney General.

EFFECTIVE DATE: July 1, 2024.