
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



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;



1 (8) 13.00 cents for each cigarette sold, used, or
2 possessed by a wholesaler or dealer on and after
3 July 1, 2009, whether or not sold at wholesale, or if
4 not 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;



1 (12) 16.00 cents for each cigarette, electronic smoking
2 device, and e-liquid sold, used, or possessed by a
3 wholesaler or dealer on and after July 1, 2024,
4 whether or not sold at wholesale, or if not sold, then
5 at the same rate upon the use by the wholesaler or
6 dealer;

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

14 [~~(13)~~] (14) Fifty per cent of the wholesale price of each
15 large cigar of any length sold, used, or possessed by
16 a wholesaler or dealer on and after September 30,
17 2009, whether or not sold at wholesale, or if not
18 sold, then at the same rate upon the use by the
19 wholesaler or dealer; and

20 [~~(14)~~] (15) Seventy per cent of the wholesale price of each
21 electronic smoking device or e-liquid sold, used, or



1 possessed by a wholesaler or dealer on and after
2 January 1, 2024, whether or not sold at wholesale, or
3 if not sold, then at the same rate upon the use by the
4 wholesaler or dealer.

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

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

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

- 18 (1) Section 245-3(a)(5), after September 30, 2006, and
19 prior to October 1, 2007, 1.0 cent per cigarette shall
20 be deposited to the credit of the Hawaii cancer
21 research special fund, established pursuant to section



1 304A-2168, for research and operating expenses and for
2 capital expenditures;

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

5 (A) 1.5 cents per cigarette shall be deposited to the
6 credit of the Hawaii cancer research special
7 fund, established pursuant to section 304A-2168,
8 for research and operating expenses and for
9 capital expenditures;

10 (B) 0.25 cents per cigarette shall be deposited to
11 the credit of the trauma system special fund
12 established pursuant to section 321-22.5; and

13 (C) 0.25 cents per cigarette shall be deposited to
14 the credit of the emergency medical services
15 special fund established pursuant to section
16 321-234;

17 (3) Section 245-3(a)(7), after September 30, 2008, and
18 prior to July 1, 2009:

19 (A) 2.0 cents per cigarette shall be deposited to the
20 credit of the Hawaii cancer research special
21 fund, established pursuant to section 304A-2168,



1 for research and operating expenses and for
2 capital expenditures;

3 (B) 0.5 cents per cigarette shall be deposited to the
4 credit of the trauma system special fund
5 established pursuant to section 321-22.5;

6 (C) 0.25 cents per cigarette shall be deposited to
7 the credit of the community health centers
8 special fund established pursuant to section
9 321-1.65; and

10 (D) 0.25 cents per cigarette shall be deposited to
11 the credit of the emergency medical services
12 special fund established pursuant to section
13 321-234;

14 (4) Section 245-3(a)(8), after June 30, 2009, and prior to
15 July 1, 2013:

16 (A) 2.0 cents per cigarette shall be deposited to the
17 credit of the Hawaii cancer research special
18 fund, established pursuant to section 304A-2168,
19 for research and operating expenses and for
20 capital expenditures;



1 (B) 0.75 cents per cigarette shall be deposited to
2 the credit of the trauma system special fund
3 established pursuant to section 321-22.5;

4 (C) 0.75 cents per cigarette shall be deposited to
5 the credit of the community health centers
6 special fund established pursuant to section
7 321-1.65; and

8 (D) 0.5 cents per cigarette shall be deposited to the
9 credit of the emergency medical services special
10 fund established pursuant to section 321-234;

11 (5) Section 245-3(a)(11), after June 30, 2013, and prior
12 to July 1, 2015:

13 (A) 2.0 cents per cigarette shall be deposited to the
14 credit of the Hawaii cancer research special
15 fund, established pursuant to section 304A-2168,
16 for research and operating expenses and for
17 capital expenditures;

18 (B) 1.5 cents per cigarette shall be deposited to the
19 credit of the trauma system special fund
20 established pursuant to section 321-22.5;



1 (C) 1.25 cents per cigarette shall be deposited to
2 the credit of the community health centers
3 special fund established pursuant to section
4 321-1.65; and

5 (D) 1.25 cents per cigarette shall be deposited to
6 the credit of the emergency medical services
7 special fund established pursuant to section
8 321-234; [~~and~~]

9 (6) Section 245-3(a)(11), after June 30, 2015, and
10 [~~thereafter:~~] before July 1, 2024:

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) 1.125 cents per cigarette, but not more than
17 \$7,400,000 in a fiscal year, shall be deposited
18 to the credit of the trauma system special fund
19 established pursuant to section 321-22.5;

20 (C) 1.25 cents per cigarette, but not more than
21 \$8,800,000 in a fiscal year, shall be deposited



1 to the credit of the community health centers
2 special fund established pursuant to section
3 321-1.65; and

4 (D) 1.25 cents per cigarette, but not more than
5 \$8,800,000 in a fiscal year, shall be deposited
6 to the credit of the emergency medical services
7 special fund established pursuant to section
8 321-234[~~-~~]; and

9 (7) Section 245-3(a)(12), after June 30, 2024, and
10 thereafter:

11 (A) 2.0 cents per cigarette, electronic smoking
12 device, and e-liquid shall be deposited to the
13 credit of the Hawaii cancer research special
14 fund, established pursuant to section 304A-2168,
15 for operating expenses and capital expenditures;

16 and

17 (B) 1.125 cents per cigarette, electronic smoking
18 device, and e-liquid, but not more than
19 \$7,400,000 in a fiscal year, shall be deposited
20 to the credit of the trauma system special fund
21 established pursuant to section 321-22.5;



1 (C) 1.25 cents per cigarette, electronic smoking
2 device, and e-liquid, but not more than
3 \$8,800,000 in a fiscal year, shall be deposited
4 to the credit of the community health centers
5 special fund established pursuant to section 321
6 1.65;

7 (D) 1.25 cents per cigarette, electronic smoking
8 device, and e-liquid, but not more than
9 \$8,800,000 in a fiscal year, shall be deposited
10 to the credit of the emergency medical services
11 special fund established pursuant to section 321
12 234; and

13 (E) 1.0 cents per cigarette, electronic smoking
14 device, and e-liquid, but not more than \$500,000
15 in a fiscal year, shall be deposited to the
16 credit of the tobacco enforcement special fund
17 established pursuant to section 28-15.

18 The department shall provide an annual accounting of these
19 dispositions to the legislature."

20 SECTION 3. Section 304A-2168, Hawaii Revised Statutes, is
21 amended to read as follows:



1 **"§304A-2168 Hawaii cancer research special fund.** (a)

2 There is established within the state treasury a special fund to
3 be known as the Hawaii cancer research special fund to be
4 administered and expended by the University of Hawaii.

5 (b) The moneys in the special fund shall be used by the
6 University of Hawaii for the cancer research center of Hawaii's
7 [~~research and~~] operating expenses and capital expenditures.

8 (c) The following shall be deposited into the special
9 fund:

10 (1) Moneys collected pursuant to section 245-15;

11 (2) All other fees, charges, philanthropic donations, and
12 other moneys received in conjunction with programs of
13 the cancer research center of Hawaii;

14 (3) Transfers from other accounts or funds; and

15 (4) Interest earned or accrued on moneys in the special
16 fund.

17 (d) Beginning on January 1, 2010, the University of Hawaii
18 shall report semi-annually to the legislature on the moneys in
19 the Hawaii cancer research special fund, including deposits,
20 expenditures, and other transactions. The reports shall explain
21 in detail all income and expenditures from the special fund.



1 (e) The early clinical trial program shall receive no
2 moneys from the Hawaii cancer research special fund. An annual
3 reporting of the financial status of the early clinical trial
4 program to the legislature shall begin on January 1, 2025."

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

7 SECTION 5. This Act shall take effect on December 31,
8 2050.



Report Title:

Cigarette Tax; Cigarettes; Electronic Smoking Devices; E-liquid;
Tobacco Enforcement Special Fund; Hawaii Cancer Research Special
Fund

Description:

Beginning July 1, 2024, expands the cigarette tax levied upon a wholesaler or dealer under section 245-3, HRS, to electronic smoking devices and e-liquids. Requires 1.0 cents per cigarette, electronic smoking device, and e-liquid, but not more than \$500,000 per fiscal year, to be deposited into the credit of the Tobacco Enforcement Special Fund. Repeals research expenses as an authorized use of funds in the Hawaii Cancer Research Special Fund. Prohibits the Cancer Center of Hawaii's Early Clinical Trial Program from receiving moneys from the Hawaii Cancer Research Special Fund. Requires an annual reporting of the final status of the Early Clinical Trial Program beginning 1/1/2025. Effective 12/31/2050. (SD1)

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

