
A BILL FOR AN ACT

RELATING TO FUNDING FOR THE DEPARTMENT OF THE ATTORNEY GENERAL
TOBACCO ENFORCEMENT UNIT.

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

1 SECTION 1. The legislature finds that the tobacco
2 enforcement special fund supports the tobacco enforcement unit
3 within the department of the attorney general to administer,
4 monitor, and enforce the tobacco master settlement agreement and
5 related Hawaii laws, including chapters 486P and 675, Hawaii
6 Revised Statutes. Section 28-15(c), Hawaii Revised Statutes,
7 currently mandates that moneys in excess of \$500,000 remaining
8 in the tobacco enforcement special fund at the close of each
9 fiscal year lapse to the credit of the state general fund.
10 Section 245-26(a)(2), Hawaii Revised Statutes, transfers a
11 percentage of the cigarette tax stamp fee into the tobacco
12 enforcement special fund. Section 328L-2, Hawaii Revised
13 Statutes, mandates that of all tobacco settlement moneys
14 received by the State in each fiscal year, the first \$350,000 be
15 deposited in the state treasury to the credit of the tobacco
16 enforcement special fund.



1 The legislature further finds that amounts of the cigarette
2 tax stamp revenues deposited into the tobacco enforcement
3 special fund have noticeably dropped in recent years. This
4 trend is expected to continue. To maintain the tobacco
5 enforcement unit's diligent enforcement efforts and to minimize
6 the risk of losing the master settlement agreement annual
7 payments, it is critical that the unit receive adequate and
8 continuous funding.

9 The purpose of this Act is to stabilize and increase
10 funding for the tobacco enforcement unit within the department
11 of the attorney general by amending:

- 12 (1) The amount of funds that the tobacco enforcement
13 special fund can carry over at the end of the fiscal
14 year;
- 15 (2) The cigarette tax stamp fee and the percentage of that
16 fee allotted to the tobacco enforcement special fund;
17 and
- 18 (3) The sum of moneys received from the tobacco settlement
19 as set forth in sections 28-15(c), 245-26(a), and
20 328L-2(a), Hawaii Revised Statutes.



1 SECTION 2. Section 28-15, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

3 "(c) All unencumbered and unexpended moneys in excess of
4 [~~\$500,000~~] \$750,000 remaining on balance in the tobacco
5 enforcement special fund at the close of June 30 of each year
6 shall lapse to the credit of the state general fund."

7 SECTION 3. Section 245-26, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) Stamps shall be sold at their denominated values,
10 plus a stamp fee of [~~1.7~~] 2.2 per cent of the denominated value
11 of each stamp sold, composed of the aggregate of:

12 (1) .2 per cent of the denominated value of the stamp to
13 pay for the cost to the State of providing the stamps,
14 with that amount to be deposited to the credit of the
15 department of taxation's cigarette tax stamp
16 administrative special fund; and

17 (2) [~~1.5~~] Two per cent of the denominated value of the
18 stamp to pay for the cost of enforcing the stamp tax,
19 with that amount to be deposited to the credit of the
20 department of the attorney general's tobacco
21 enforcement special fund;



1 provided that the department by rule may modify the stamp fee to
2 reflect actual costs incurred by the State in providing the
3 stamps."

4 SECTION 4. Section 328L-2, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) There is established in the state treasury the Hawaii
7 tobacco settlement special fund into which shall be deposited:

8 (1) All tobacco settlement moneys; and

9 (2) All interest and earnings accruing from the investment
10 of moneys in the fund;

11 provided that of all tobacco settlement moneys received by the
12 State each fiscal year, the sum representing the first
13 [~~\$350,000~~] \$750,000 of those moneys shall first be deposited in
14 the state treasury in each fiscal year to the credit of the
15 tobacco enforcement special fund. The Hawaii tobacco settlement
16 special fund shall be administered by the department."

17 SECTION 5. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 6. This Act shall take effect on July 1, 2023.



Report Title:

Cigarette Tax Stamp Fees; Tobacco Enforcement Special Fund;
Hawaii Tobacco Settlement Special Fund

Description:

Amends the amount of funding for the Tobacco Enforcement Special Fund administered by the Department of the Attorney General by: amending the amount of funds that the Tobacco Enforcement Special Fund can carry over at the end of the fiscal year; increasing the cigarette tax stamp fee and concurrently increasing the percentage of the cigarette tax stamp fee deposited to the Tobacco Enforcement Special Fund; and amending the amount of funds to be deposited in the Tobacco Enforcement Special Fund from the Hawaii Tobacco Settlement Special Fund.
(SD1)

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