

STAND. COM. REP. NO.

2623

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 2109

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2109 entitled:

"A BILL FOR AN ACT RELATING TO UNLAWFUL SHIPMENT OF TOBACCO PRODUCTS,"

begs leave to report as follows:

The purpose and intent of this measure is to exempt from the offense of unlawful shipment of tobacco products the shipments of large cigars and pipe tobacco sold to a consumer in the State through the Internet under certain circumstances.

Your Committee received testimony in support of this measure from the Cigar Association of America, Inc.; Retail Merchants of Hawaii; and thirteen individuals.

Your Committee received testimony in opposition to this measure from the Department of Health, one member of the Hawai'i County Council, American Cancer Society Cancer Action Network, Hawai'i Public Health Institute, The Friends of Kamalani and Lydgate Park, and three individuals.

Your Committee finds that for many adults that enjoy consuming large cigars and pipe tobacco, the inability to order these products directly from online sellers is an inconvenience and costly constraint, due to the stark difference between online and retail sales prices. Your Committee further finds that the



lack of an exemption for large cigars, which includes high-quality, hand-rolled premium cigars, has also led many consumers to purchase these products illegally, resulting in the establishment of a black market and a reduction in taxes collected by the State. This measure will provide a much-needed exemption from the offense of unlawful shipment of tobacco products for certain large cigars and pipe tobacco products sold through the Internet for the benefit of consumers across the State.

Your Committee has amended this measure by:

- (1) Inserting a definition for the term "pipe tobacco";
- (2) Limiting the exemption from the offense of unlawful shipment of tobacco products for large cigars and pipe tobacco to sales that occur on or before June 30, 2025;
- (3) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2109, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2109, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ARRETT KEOHOKALOLE, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 2109	Committee Referral: CPN, JDC/WAM	Date: 2/14/24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOPE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)			✓	
MCKELVEY, Angus L.K.			✓	
RICHARDS, III, Herbert M. "Tim"		✓		
AWA, Brenton	✓			
TOTAL	2	1	2	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes