

---

---

# A BILL FOR AN ACT

RELATING TO TAXATION.

**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 conducting  
5 business and other activities in the State:

6           (1) An excise tax equal to 5.00 cents for each cigarette  
7           sold, used, or [7] possessed by a wholesaler or dealer  
8           after June 30, 1998, 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          (2) An excise tax equal to 6.00 cents for each cigarette  
12          sold, used, or possessed by a wholesaler or dealer  
13          after September 30, 2002, whether or not sold at  
14          wholesale, or if not sold then at the same rate upon  
15          the use by the wholesaler or dealer;

16          (3) An excise tax equal to 6.50 cents for each cigarette  
17          sold, used, or possessed by a wholesaler or dealer  
18          after June 30, 2003, whether or not sold at wholesale,

1 or if not sold then at the same rate upon the use by  
2 the wholesaler or dealer;

3 (4) An excise tax equal to 7.00 cents for each cigarette  
4 sold, used, or possessed by a wholesaler or dealer  
5 after June 30, 2004, whether or not sold at wholesale,  
6 or if not sold then at the same rate upon the use by  
7 the wholesaler or dealer;

8 (5) An excise tax equal to 8.00 cents for each cigarette  
9 sold, used, or possessed by a wholesaler or dealer on  
10 and after September 30, 2006, whether or not sold at  
11 wholesale, or if not sold then at the same rate upon  
12 the use by the wholesaler or dealer;

13 (6) An excise tax equal to 9.00 cents for each cigarette  
14 sold, used, or possessed by a wholesaler or dealer on  
15 and after September 30, 2007, whether or not sold at  
16 wholesale, or if not sold then at the same rate upon  
17 the use by the wholesaler or dealer;

18 (7) An excise tax equal to 10.00 cents for each cigarette  
19 sold, used, or possessed by a wholesaler or dealer on  
20 and after September 30, 2008, whether or not sold at  
21 wholesale, or if not sold then at the same rate upon  
22 the use by the wholesaler or dealer;

- 1           (8) An excise tax equal to [~~11.00~~] 13.00 cents for each  
2           cigarette sold, used, or possessed by a wholesaler or  
3           dealer on and after [~~September 30,~~] July 1, 2009,  
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           [~~(9) An excise tax equal to 12.00 cents for each cigarette~~  
8           ~~sold, used, or possessed by a wholesaler or dealer on~~  
9           ~~and after September 30, 2010, whether or not sold at~~  
10          ~~wholesale, or if not sold then at the same rate upon~~  
11          ~~the use by the wholesaler or dealer;~~
- 12          [~~(10) An excise tax equal to 13.00 cents for each cigarette~~  
13          ~~sold, used, or possessed by a wholesaler or dealer on~~  
14          ~~and after September 30, 2011, whether or not sold at~~  
15          ~~wholesale, or if not sold then at the same rate upon~~  
16          ~~the use by the wholesaler or dealer;~~] and
- 17          [~~(11)~~] (9) An excise tax equal to forty per cent of the  
18          wholesale price of each article or item of tobacco  
19          products sold by the wholesaler or dealer, whether or  
20          not sold at wholesale, or if not sold then at the same  
21          rate upon the use by the wholesaler or dealer.

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

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 October 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;

- 1 (C) 0.25 cents per cigarette shall be deposited to  
2 the credit of the community health centers  
3 special fund; and
- 4 (D) 0.25 cents per cigarette shall be deposited to  
5 the credit of the emergency medical services  
6 special fund established pursuant to section 321-  
7 234;
- 8 (4) Section 245-3(a) (8), after [~~September 30,~~] July 1,  
9 2009, and prior to October 1, 2010:
- 10 (A) 2.0 cents per cigarette shall be deposited to the  
11 credit of the Hawaii cancer research special  
12 fund, established pursuant to section 304A-2168,  
13 for research and operating expenses and for  
14 capital expenditures;
- 15 (B) 0.75 cents per cigarette shall be deposited to  
16 the credit of the trauma system special fund  
17 established pursuant to section 321-22.5;
- 18 (C) 0.75 cents per cigarette shall be deposited to  
19 the credit of the community health centers  
20 special fund; [~~and~~]

- 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; and  
4 (E) \_\_\_\_\_ per cent of the remaining amount of tax  
5 collected pursuant to section 245-3(a)(8) shall  
6 be deposited to the credit of the Hawaii tobacco  
7 prevention and control trust fund established  
8 pursuant to section 328L-5;
- 9 (5) Section [~~245-3(a)(9),~~] 245-3(a)(8), after September  
10 30, 2010, and prior to October 1, 2011:
- 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) 1.0 cent per cigarette shall be deposited to the  
17 credit of the trauma system special fund  
18 established pursuant to section 321-22.5;
- 19 (C) 1.0 cent per cigarette shall be deposited to the  
20 credit of the community health centers special  
21 fund; [~~and~~]

- 1 (D) 1.0 cent per cigarette shall be deposited to the  
2 credit of the emergency medical services special  
3 fund established pursuant to section 321-234; and  
4 (E) \_\_\_\_\_ per cent of the remaining amount of tax  
5 collected pursuant to section 245-3(a)(8) shall  
6 be deposited to the credit of the Hawaii tobacco  
7 prevention and control trust fund established  
8 pursuant to section 328L-5; and
- 9 (6) Section [~~245-3(a)(10),~~] 245-3(a)(8), after September  
10 30, 2011, and thereafter:
- 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) 1.5 cents per cigarette shall be deposited to the  
17 credit of the trauma system special fund  
18 established pursuant to section 321-22.5;
- 19 (C) 1.25 cents per cigarette shall be deposited to  
20 the credit of the community health centers  
21 special fund; [~~and~~]



1 (D) 1.25 cents per cigarette shall be deposited to  
2 the credit of the emergency medical services  
3 special fund established pursuant to section  
4 321-234~~[.]~~; and

5 (E) per cent of the remaining amount of tax  
6 collected pursuant to section 245-3(a) (8) shall  
7 be deposited to the credit of the Hawaii tobacco  
8 prevention and control trust fund established  
9 pursuant to section 328L-5.

10 The department shall provide an annual accounting of these  
11 dispositions to the legislature."

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

14 SECTION 4. This Act shall take effect on July 1, 2050.

**Report Title:**

Cigarette Tax Increase

**Description:**

Increases the cigarette tax from 10 cents per cigarette to 13 cents per cigarette beginning July 1, 2050. Deposits portion of revenue collected to credit of Hawaii tobacco prevention and control trust fund. (SD2)