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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The purpose of this Act is to:

2 (1) Provide a new definition for "large cigars" and

3 include large cigars in the definition of "tobacco

4 products";

5 (2) Amend the current definition of "little cigars" to a

6 definition that is more appropriate to these products;

7 and

8 (3) Limit to large cigars the general excise tax on the

9 wholesale price of each cigar sold, used, or possessed

10 by a wholesaler or dealer.

11 SECTION 2. Section 245-1, Hawaii Revised Statutes, is

12 amended as follows:

13 1. By adding a new definition to be appropriately

14 inserted and to read:

15 "Large cigar" means any roll for smoking made wholly or in

16 part of tobacco if such product is wrapped in any substance



1 containing tobacco and weighs more than four pounds per  
2 thousand."

3 2. By amending the definitions of "little cigar" and  
4 "tobacco products" to read:

5 "Little cigar" means any roll for smoking made wholly or  
6 in part of tobacco if such product is wrapped in any substance  
7 containing tobacco, [~~with a ring gauge of less than thirty (less~~  
8 ~~than .467 inches in diameter), of any length.] other than  
9 natural leaf tobacco, and weighs not more than four pounds per  
10 thousand rolls.~~

11 "Tobacco products" means tobacco in any form, other than  
12 cigarettes or little cigars, that is prepared or intended for  
13 consumption or for personal use by humans, including large  
14 cigars and any substitutes thereof other than cigarettes that  
15 bear the semblance thereof, snuff, chewing or smokeless tobacco,  
16 and smoking or pipe tobacco."

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

19 "(a) Every wholesaler or dealer, in addition to any other  
20 taxes provided by law, shall pay for the privilege of conducting  
21 business and other activities in the [~~State~~] state:



- 1           (1) An excise tax equal to 5.00 cents for each cigarette  
2                    sold, used, or possessed by a wholesaler or dealer  
3                    after June 30, 1998, whether or not sold at wholesale,  
4                    or if not sold then at the same rate upon the use by  
5                    the wholesaler or dealer;
- 6           (2) An excise tax equal to 6.00 cents for each cigarette  
7                    sold, used, or possessed by a wholesaler or dealer  
8                    after September 30, 2002, whether or not sold at  
9                    wholesale, or if not sold then at the same rate upon  
10                  the use by the wholesaler or dealer;
- 11          (3) An excise tax equal to 6.50 cents for each cigarette  
12                  sold, used, or possessed by a wholesaler or dealer  
13                  after June 30, 2003, 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          (4) An excise tax equal to 7.00 cents for each cigarette  
17                  sold, used, or possessed by a wholesaler or dealer  
18                  after June 30, 2004, 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          (5) An excise tax equal to 8.00 cents for each cigarette  
22                  sold, used, or possessed by a wholesaler or dealer on



- 1 and after September 30, 2006, whether or not sold at  
2 wholesale, or if not sold then at the same rate upon  
3 the use by the wholesaler or dealer;
- 4 (6) An excise tax equal to 9.00 cents for each cigarette  
5 sold, used, or possessed by a wholesaler or dealer on  
6 and after September 30, 2007, whether or not sold at  
7 wholesale, or if not sold then at the same rate upon  
8 the use by the wholesaler or dealer;
- 9 (7) An excise tax equal to 10.00 cents for each cigarette  
10 sold, used, or possessed by a wholesaler or dealer on  
11 and after September 30, 2008, whether or not sold at  
12 wholesale, or if not sold then at the same rate upon  
13 the use by the wholesaler or dealer;
- 14 (8) An excise tax equal to 13.00 cents for each cigarette  
15 sold, used, or possessed by a wholesaler or dealer on  
16 and after July 1, 2009, whether or not sold at  
17 wholesale, or if not sold then at the same rate upon  
18 the use by the wholesaler or dealer;
- 19 (9) An excise tax equal to 11.00 cents for each little  
20 cigar sold, used, or possessed by a wholesaler or  
21 dealer on and after October 1, 2009, whether or not



- 1            sold at wholesale, or if not sold then at the same  
2            rate upon the use by the wholesaler or dealer;
- 3        (10)    An excise tax equal to 14.00 cents for each cigarette  
4            or little cigar sold, used, or possessed by a  
5            wholesaler or dealer on and after July 1, 2010,  
6            whether or not sold at wholesale, or if not sold then  
7            at the same rate upon the use by the wholesaler or  
8            dealer;
- 9        (11)    An excise tax equal to 15.00 cents for each cigarette  
10           or little cigar sold, used, or possessed by a  
11           wholesaler or dealer on and after July 1, 2011,  
12           whether or not sold at wholesale, or if not sold then  
13           at the same rate upon the use by the wholesaler or  
14           dealer;
- 15       (12)    [~~Except as provided in paragraph (13), an~~] An excise  
16           tax equal to seventy per cent of the wholesale price  
17           of each article or item of tobacco products, other  
18           than large cigars, sold by the wholesaler or dealer on  
19           and after September 30, 2009, whether or not sold at  
20           wholesale, or if not sold then at the same rate upon  
21           the use by the wholesaler or dealer; and



1           (13) An excise tax equal to fifty per cent of the wholesale  
2           price of each large cigar [~~with a ring gauge of thirty~~  
3           ~~or more (.467 inches in diameter or more),~~] of any  
4           length, sold, used, or possessed by a wholesaler or  
5           dealer on and after September 30, 2009, whether or not  
6           sold at wholesale, or if not sold then at the same  
7           rate upon the use by the wholesaler or dealer.

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

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

16          SECTION 5. This Act shall take effect on July 1, 2010.

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**Report Title:**

Tobacco Products; Little Cigars; Taxation

**Description:**

Adds a definition for "large cigars". Amends the definitions of "little cigars" and "tobacco products". Limits to large cigars the general excise tax on the wholesale price of each cigar sold, used, or possessed by a wholesaler or dealer. (CD1)

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