

STAND. COM. REP. NO.

743

Honolulu, Hawaii

MAR 04 2011

RE: S.B. No. 233
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 233, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO PRODUCTS,"

begs leave to report as follows:

The purpose and intent of this measure is to deter smoking by imposing flat \$3.20 excise tax on tobacco products other than cigarettes, little cigars, or large cigars that is equivalent to the excise tax on packs of twenty cigarettes or little cigars. The measure also directs a portion of the excise tax collected to be expended by the Department of Health on tobacco prevention programs and services.

Comments in support of this measure were submitted by Donald Weisman, Hawaii Advocacy Director, American Heart/Stroke Association; George S. Massengale, JD, Director of Government Relations, American Cancer Society; Valerie Chang, Executive Director, Hawaii COPD Coalition; Trisha Nakamura, Esq., Policy and Advocacy Director, Coalition for a Tobacco Free Hawaii; Jackie Berry, Executive Director, Healthy Mothers Healthy Babies Coalition of Hawaii; Cara Sadira, CEO & Board Chair, Rising Up; Ron Fleck, M.S. CRC Vocational Consultant; Renee Schuetter, The Path Clinic; and five concerned individuals

Comments on this measure were submitted by the Tax Foundation of Hawaii.



Your Committee finds that this measure will, in effect, create a flat tax on tobacco products other than cigarettes and little cigars, which are already taxed. Your Committee further finds that taxing tobacco products will discourage smoking and, in turn, reduce smoking-related health conditions in Hawaii.

Your Committee further notes the concern of the Coalition for a Tobacco-Free Hawaii that the current tobacco tax structure should take into account variable quantities of cigars and tobacco products sold and tax those sales in proportion to the corresponding tax on cigarettes.

Accordingly, your Committee has amended this measure by:

- (1) Changing the amount of the excise tax on tobacco products other than large cigars to an unspecified amount;
- (2) Adding a new paragraph to section 245-3(a), Hawaii Revised Statutes, that establishes unspecified excise tax amounts on bulk purchases of tobacco products and small quantity purchases of these items that are in proportion to the corresponding tax on cigarettes;
- (3) Changing the amount of the excise tax collected to be used for tobacco prevention programs to an unspecified amount;
- (4) Expanding the scope of programs and services for which the Department of Health may expend the funds collected to include the tobacco dependence treatment services;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (6) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 233, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 233, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

David Y. Ise

DAVID Y. ISE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 233 SD1	HTH, WAM	2/24/11		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)				✓
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai		✓		
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam			✓	
TOTAL	11	1	1	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Suzanne Chun Oakland</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes