

STAND. COM. REP. NO.

857

Honolulu, Hawaii

MAR 23 2011

RE: H.B. No. 273
H.D. 1
S.D. 1

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

Sir:

Your Committee on Health, to which was referred H.B. No. 273, H.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 impose an excise tax on tobacco products, other than large cigars, that is equal to the greater of seventy percent of the wholesale price of, or \$3.20 for, each article or item of tobacco products in an effort to curtail tobacco use throughout the State.

Your Committee received testimony in support of this measure from Healthy Mothers Healthy Babies Coalition of Hawaii; American Heart Association; Hawaii COPD Coalition; American Cancer Society; Coalition For A Tobacco-Free Hawai'i; American Lung Association in Hawaii; and thirty-six private citizens. Your Committee received testimony in opposition to this measure from Cigar Association of America, Inc. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the tax increase proposed by this measure will not only bring in additional revenue for the State, but it will also help reduce tobacco use, particularly among young adults. Your Committee also finds that a similar measure, S.B. No. 233, S.D. 2 (2011), contains language that will better assist the State in curtailing tobacco consumption and will set aside funds for tobacco prevention and cessation programs.

2011-1790 SSCR SMA.doc



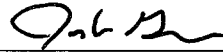
Accordingly your Committee has amended this measure by deleting its contents and replacing them with the contents of S.B. No. 232, S.D. 2. This measure, as amended:

- (1) Removes the seventy percent excise tax on the wholesale price of each article or item of tobacco products, other than large cigars, and instead inserts a blank dollar amount that is effective as of July 1, 2011;
- (2) Removes the \$3.20 excise tax on the wholesale price of each article or item of tobacco products, other than large cigars;
- (3) Imposes an excise tax on a percentage of the wholesale price of each article or item of tobacco products, other than large cigars, sold by a wholesaler or dealer after July 1, 2011, or if not sold then at the same rate upon the use by the wholesaler or dealer;
- (4) Adds clarifying language regarding the imposition of the tax on different types of tobacco products, such as large cigars; tobacco lozenges, pouches, or pills; smokeless tobacco; and loose tobacco; and
- (5) Requires a portion of the tax revenue collected from each item of tobacco products sold to be expended by the Department of Health for tobacco prevention programs and tobacco dependence treatment services.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 273, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 273, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Health,



JOSH GREEN, M.D., Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>HB 273 HD1</i>	<i>HTH, WAM</i>	<i>3-18-11</i>		
<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
GREEN, M.D., Josh (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
BAKER, Rosalyn H.	✓			
CHUN OAKLAND, Suzanne	✓			
SHIMABUKURO, Maile	✓			
WAKAI, Glenn	✓			
SLOM, Sam			✓	
TOTAL	<i>6</i>		<i>1</i>	
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Clarence K. Nishihara</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes