

STAND. COM. REP. NO. 2260

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2689
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2689 entitled:

"A BILL FOR AN ACT RELATING TO CHAPTER 245, HAWAII REVISED
STATUTES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish definitions for "disposable electronic smoking device", "electronic smoking device", "e-liquid", and "reusable electronic smoking device";
- (2) Amend the definitions of "dealer", "retailer", "sale" or "sold", "wholesale price", and "wholesaler" to include electronic smoking devices and e-liquid;
- (3) Increase the license fee for wholesalers and dealers of cigarettes, tobacco products, electronic smoking devices, and e-liquid; and
- (4) Increase the retail tobacco permit fee for retailers of cigarettes, tobacco products, electronic smoking devices, and e-liquid.

Your Committee received testimony in support of this measure from the American Cancer Society Cancer Action Network and Coalition for a Tobacco-Free Hawai'i. Your Committee received testimony in opposition to this measure from the Hawaii Food



Industry Association, Hawaii Smokers Alliance, VOLCANO Fine Electronic Cigarettes, PC Gamerz, and twelve individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the public health rationale for the regulation of cigarettes and tobacco products is well developed, as tobacco use is the single most preventable cause of disease, disability, and death in the United States. In addition to substantive state laws governing specific aspects of tobacco production, sales, and use, Hawaii law requires retailers, wholesalers, and dealers of cigarettes or tobacco products to obtain a special license or permit. These licenses and permits facilitate the enforcement of the cigarette tax and tobacco tax law under chapter 245, Hawaii Revised Statutes. However, the current license fee for wholesalers and dealers is only \$2.50 a year, while retail tobacco permit fees cost only \$20 a year. These fees should be increased and the law updated to include electronic smoking devices and e-liquid.

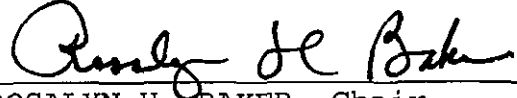
Your Committee has amended this measure by:

- (1) Allowing electronic smoking devices, packages of electronic smoking devices, containers of electronic smoking devices, e-liquid, packages of e-liquid, and containers of e-liquid to be seized and forfeited if unlawfully sold, possessed, kept, stored, acquired, distributed, or transported; and
- (2) 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, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2689, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2689, S.D. 1, and be referred to your Committee on Judiciary and Labor.



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




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:
SB2689	CPH, JDL	2-6-16
<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
BAKER, Rosalyn H. (C)	✓	
KIDANI, Michelle N. (VC)	✓	
ESPERO, Will	✓	
IHARA, Jr., Les		✓
NISHIHARA, Clarence K.	✓	
RUDERMAN, Russell E.		✓
SLOM, Sam		✓
TOTAL	4	3
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

*Only one measure per Record of Votes