

STAND. COM. REP. NO. **2898**

Honolulu, Hawaii

**FEB 19 2020**

RE: S.B. No. 2101  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2020  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2101 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the excise tax rate on large cigars.

Your Committee received testimony in support of this measure from the Hawaii Cigar Association; Cigar Association of America, Inc.; Cigar Rights of America, Hawaii; and four individuals.

Your Committee received testimony in opposition to this measure from the Department of Health; American Heart Association; We Are One, Inc.; Hawaii Public Health Institute; American Cancer Society Cancer Action Network; Blue Zones Project - Hawaii; and numerous individuals.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the current wholesale tax rate of fifty percent on large cigars encourages consumers to buy cheaper cigars from either unlicensed sources outside of the State or through the black market.

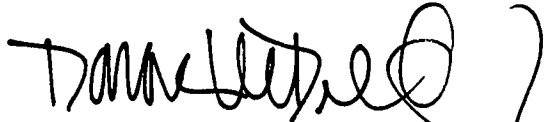


Your Committee has amended this measure by:

- (1) Changing the excise tax rate on sales of large cigars to the lesser of:
  - (A) An unspecified sum for each large cigar of any length; or
  - (B) An unspecified percent of the wholesale price of each large cigar of any length; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 2101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2101, S.D. 1, and be placed on the calendar for Third Reading.

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





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DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 2101</b>	Committee Referral: <b>WAM</b>	Date: <b>2/13/20</b>		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.				X
RIVIERE, Gil	X			
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.		X		
FEVELLA, Kurt				X
<b>TOTAL</b>	<b>6</b>	<b>1</b>		<b>6</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original  Yellow            Pink            Goldenrod File with Committee Report            Clerk's Office            Drafting Agency            Committee File Copy				

\*Only one measure per Record of Votes