

STAND. COM. REP. NO.

2844

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 2902
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 Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2902 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:

- (1) Establish the offense of unlawful shipment of tobacco products;
- (2) Include e-liquid and electronic smoking devices within the definition of "tobacco products", as used in the cigarette tax and tobacco tax law;
- (3) Increase the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products;
- (4) Increase the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products;
- (5) Fund health education and prevention programs about the risks and dangers of the use of electronic smoking devices for youth; and



- (6) Repeal various statutory provisions relating to electronic smoking devices.

Your Committee received testimony in support of this measure from the Department of Health; University of Hawai'i System; Department of Taxation; American Cancer Society Cancer Action Network; Hawaii State Teachers Association; Hawai'i Pacific Health; Coalition for a Drug-Free Hawaii; American Lung Association; Hawai'i Community Foundation; Hui No Ke Ola Pono; Pediatric Therapies Hawaii; University of Hawaii Student Health Advisory Council; Hawaii Substance Abuse Coalition; Kaho'omiki; The Friends of Kamalani and Lydgate Park; Blue Zones Project; Save Medicaid Hawaii; American Heart Association; Hawai'i Primary Care Association; Hawai'i Public Health Institute; We Are One, Inc.; and forty-two individuals. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance and five individuals.

Your Committee finds that there is a serious nationwide concern over the use of electronic smoking devices because of the number of severe lung injuries being reported nationally. Specifically, there are more than two thousand cases of severe lung injury associated with electronic cigarette use and over forty deaths nationwide. Hawaii has had four reported cases of severe lung injury, with potentially more on the horizon. Of particular concern is the growing percentages of youth and young adults who are using electronic smoking devices.

Your Committee further finds that the rapid growth of the electronic smoking device industry, including retail businesses selling electronic smoking devices or e-liquids, necessitates further regulation to protect consumers, such as requiring retailers of e-liquids to obtain retail tobacco permits and taxing e-liquids and electronic smoking devices in the same manner as other tobacco products.

Your Committee has amended this measure by:

- (1) Clarifying that provisions related to the unlawful shipment of tobacco products applies to entities, in addition to persons;



- (2) Clarifying provisions related to certain tobacco products that are exempt from the unlawful shipment of tobacco products by removing a reference to section 245-62, Hawaii Revised Statutes;
- (3) Removing heated tobacco products from the definition of "electronic smoking device";
- (4) Clarifying the definition of "tobacco products";
- (5) Specifying that, beginning on July 1, 2020, \$750,000 collected from general excise tax revenues on tobacco products shall be deposited into the Hawaii Tobacco Prevention and Control Trust Fund to support health education and prevention programs about the risks and danger of the use of electronic smoking devices for youth;
- (6) Making conforming amendments; and
- (7) 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. 2902, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2902, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

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



ROSALYN H. BAKER, Chair



