

JAN 20 2012

A BILL FOR AN ACT

RELATING TO TOBACCO PRODUCTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that tobacco use
2 continues to be a problem in Hawaii and the United States,
3 causing over 400,000 deaths per year. Illness and death
4 directly related to tobacco consumption costs Hawaii at least
5 \$640,000,000 per year. Tobacco products are addictive and
6 inherently dangerous, causing many different types of cancer,
7 heart disease, and other serious illnesses. Hawaii has a
8 substantial interest in reducing the number of individuals of
9 all ages who use tobacco products, and a particular interest in
10 protecting adolescents from tobacco dependence and the illnesses
11 and premature death associated with tobacco use.

12 The legislature further finds that smokeless tobacco use is
13 a serious health issue in Hawaii. While cigarette use among
14 Hawaii's youth has dramatically decreased, smokeless tobacco use
15 among Hawaii's youth has fluctuated and not steadily decreased.
16 The United States Department of Health and Human Services
17 states, "the oral use of smokeless tobacco represents a
18 significant health risk" noting that it can cause cancer.



1 The legislature finds that raising the price of tobacco products
2 through state tax increases will prompt a reduction in tobacco
3 use, especially among adolescents and young adults.

4 The purpose of this Act is to impose an excise tax on
5 tobacco products, other than large cigars, in an effort to
6 curtail tobacco use.

7 SECTION 2. Section 245-3, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) Every wholesaler or dealer, in addition to any other
10 taxes provided by law, shall pay for the privilege of conducting
11 business and other activities in the State:

12 (1) An excise tax equal to 5.00 cents for each cigarette
13 sold, used, or possessed by a wholesaler or dealer
14 after June 30, 1998, whether or not sold at wholesale,
15 or if not sold then at the same rate upon the use by
16 the wholesaler or dealer;

17 (2) An excise tax equal to 6.00 cents for each cigarette
18 sold, used, or possessed by a wholesaler or dealer
19 after September 30, 2002, whether or not sold at
20 wholesale, or if not sold then at the same rate upon
21 the use by the wholesaler or dealer;



- 1 (3) An excise tax equal to 6.50 cents for each cigarette
2 sold, used, or possessed by a wholesaler or dealer
3 after June 30, 2003, whether or not sold at wholesale,
4 or if not sold then at the same rate upon the use by
5 the wholesaler or dealer;
- 6 (4) An excise tax equal to 7.00 cents for each cigarette
7 sold, used, or possessed by a wholesaler or dealer
8 after June 30, 2004, whether or not sold at wholesale,
9 or if not sold then at the same rate upon the use by
10 the wholesaler or dealer;
- 11 (5) An excise tax equal to 8.00 cents for each cigarette
12 sold, used, or possessed by a wholesaler or dealer on
13 and after September 30, 2006, whether or not sold at
14 wholesale, or if not sold then at the same rate upon
15 the use by the wholesaler or dealer;
- 16 (6) An excise tax equal to 9.00 cents for each cigarette
17 sold, used, or possessed by a wholesaler or dealer on
18 and after September 30, 2007, whether or not sold at
19 wholesale, or if not sold then at the same rate upon
20 the use by the wholesaler or dealer;
- 21 (7) An excise tax equal to 10.00 cents for each cigarette
22 sold, used, or possessed by a wholesaler or dealer on



1 and after September 30, 2008, whether or not sold at
2 wholesale, or if not sold then at the same rate upon
3 the use by the wholesaler or dealer;

4 (8) An excise tax equal to 13.00 cents for each cigarette
5 sold, used, or possessed by a wholesaler or dealer on
6 and after July 1, 2009, whether or not sold at
7 wholesale, or if not sold then at the same rate upon
8 the use by the wholesaler or dealer;

9 (9) An excise tax equal to 11.00 cents for each little
10 cigar sold, used, or possessed by a wholesaler or
11 dealer on and after October 1, 2009, whether or not
12 sold at wholesale, or if not sold then at the same
13 rate upon the use by the wholesaler or dealer;

14 (10) An excise tax equal to 15.00 cents for each cigarette
15 or little cigar sold, used, or possessed by a
16 wholesaler or dealer on and after July 1, 2010,
17 whether or not sold at wholesale, or if not sold then
18 at the same rate upon the use by the wholesaler or
19 dealer;

20 (11) An excise tax equal to 16.00 cents for each cigarette
21 or little cigar sold, used, or possessed by a
22 wholesaler or dealer on and after July 1, 2011,



1 whether or not sold at wholesale, or if not sold then
2 at the same rate upon the use by the wholesaler or
3 dealer;

4 (12) An excise tax equal to seventy per cent of the
5 wholesale price of each article or item of tobacco
6 products, other than large cigars, sold by the
7 wholesaler or dealer on and after September 30, 2009,
8 whether or not sold at wholesale, or if not sold then
9 at the same rate upon the use by the wholesaler or
10 dealer; ~~and~~

11 (13) An excise tax equal to the greater of seventy per cent
12 of the wholesale price of, or \$3.20 for, each article
13 or item of tobacco products, other than large cigars,
14 sold by the wholesaler or dealer on and after
15 September 30, 2012, whether or not sold at wholesale,
16 or if not sold then at the same rate upon the use by
17 the wholesaler or dealer; and

18 ~~(13)~~ (14) An excise tax equal to fifty per cent of the
19 wholesale price of each large cigar of any length,
20 sold, used, or possessed by a wholesaler or dealer on
21 and after September 30, 2009, whether or not sold at



1 wholesale, or if not sold then at the same rate upon
2 the use by the wholesaler or dealer.

3 Where the tax imposed has been paid on cigarettes, little
4 cigars, or tobacco products that thereafter become the subject
5 of a casualty loss deduction allowable under chapter 235, the
6 tax paid shall be refunded or credited to the account of the
7 wholesaler or dealer. The tax shall be applied to cigarettes
8 through the use of stamps."

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on October 1, 2012.

12

INTRODUCED BY: *Rosely de Bal*

Shianne Chun Oakland

[Signature]



S.B. NO. 2422

Report Title:

Tobacco Products; Tax

Description:

Imposes an excise tax on tobacco products, other than large cigars, that is equal to the greater of 70 percent of the wholesale price of, or \$3.20 for, each article or item of tobacco products. Takes effect 10/1/2012.

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