

Honolulu, Hawaii
February 27, 2014

RE: H.B. No. 1849
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1849 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to reduce the excise tax rate on large cigars from fifty percent of the wholesale price to the lesser of:

- (1) Fifty cents for each large cigar; or
- (2) Fifty percent of the wholesale price.

The Cigar Association of America, Inc.; Hawaii Food Industry Association; Shiroma's Wine and More; Hawaii Cigar Association; and numerous concerned individuals testified in support of this measure. The Department of Health, American Heart Association, American Lung Association, American Cancer Society, Cancer Action Network, Coalition for a Tobacco Free Hawaii, and numerous concerned individuals testified in opposition to this measure. The Department of Taxation, Tax Foundation of Hawaii, Tobaccos of Hawaii, Campaign for Tobacco-Free Kids, and numerous concerned individuals commented on this measure.



Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1849, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1849, H.D. 1, and be placed on the calendar for Third Reading.

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



SYLVIA LUKE, Chair



