

Honolulu, Hawaii

FEB 11 2016

RE: S.B. No. 2690  
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. 2690 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) Increase the excise tax on cigarettes and little cigars sold on or after July 1, 2016, to 20 cents per cigarette or little cigar sold; and
- (2) Beginning on July 1, 2016, allocate the taxes collected per cigarette or little cigar to various funds, including 3 cents to the Hawaii cancer research special fund; 1 cent to the department of health chronic disease prevention and health promotion division, for smoking cessation programs and education in Hawaii; and 2 cents to the general fund.

Your Committee received testimony in support of this measure from the Department of Health, Coalition for a Tobacco-Free Hawai'i, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association in Hawaii, and forty-one individuals. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance and eight individuals. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that tobacco products, which are addictive and inherently dangerous, produce a complex chemical mixture of more than 7,000 compounds when burned, causing a wide range of diseases, including cancer, heart disease, and other serious illnesses, and premature death. Hawaii has a substantial interest in reducing the number of individuals of all ages who use tobacco products, as tobacco use in Hawaii causes approximately 1,400 deaths per year among adults and poses a heavy burden on Hawaii's health care system.

Your Committee further finds that research has shown that either a tax on cigarettes or cigarette price increases have the propensity to reduce the rate of smoking by adult and youth smokers. Raising the excise tax on cigarettes and little cigars sold in the State and allocating the increased taxes collected to research and smoking cessation programs and education in the State will protect individuals of all ages, especially adolescents, from tobacco dependency and the illnesses and premature death associated with smoking.

Your Committee has amended this measure by:

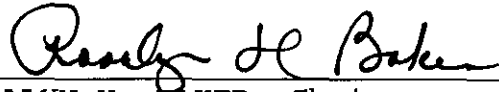
- (1) Increasing the amount allocated to the Hawaii cancer research special fund from 3 cents per cigarette to 4 cents per cigarette;
- (2) Increasing the amount allocated to the credit of the Department of Health Chronic Disease Prevention and Health Promotion Division, for smoking cessation programs and education in Hawaii, from 1 cent to 2 cents;
- (3) Deleting unnecessary language that would have allocated 2 cents per cigarette to be deposited to the credit of the general fund, as any unallocated portion of cigarette and tobacco tax revenue is already credited to the general fund; and
- (4) 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. 2690, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2690, S.D. 1, and be referred to your Committee on Ways and Means.

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



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ROSALYN H. BAKER, Chair



