

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2690  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2690, S.D. 1, 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 amend the cigarette and tobacco tax law.

Specifically, this measure:

- (1) Increases 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) Changes the allocations of excise tax revenues collected for cigarettes sold on and after July 1, 2016, by:
  - (A) Increasing the allocation to the Hawaii cancer research special fund to 4 cents per cigarette; and
  - (B) Adding an allocation of 2 cents per cigarette to the Department of Health's Chronic Disease Prevention and Health Promotion Division, for smoking cessation programs and education in Hawaii.



Your Committee received written comments in support of this measure from the Department of Health, University of Hawaii Cancer Center, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association of the Mountain Pacific, Coalition for a Tobacco-Free Hawaii, Weinman Foundation, and fifty-six individuals.

Your Committee received written comments in opposition to this measure from the Hawaii Smokers Alliance and thirty-one individuals.

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

Your Committee finds that tobacco use is the leading cause of preventable death and disease in the United States. Further, tobacco use imposes a heavy burden on Hawaii's health care system and economy. Your Committee also finds that studies indicate that a cigarette tax or price increase tends to reduce adult and youth smoking. Your Committee further finds that Hawaii has a substantial interest in reducing the number of individuals of all ages who use tobacco.

Your Committee has amended this measure by:

- (1) Changing the excise tax rate on cigarettes and little cigars sold on or after July 1, 2016, to an unspecified amount;
- (2) Changing the allocations of excise tax revenues collected for cigarettes sold on and after July 1, 2016, to unspecified amounts; and
- (3) 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. 2690, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2690, S.D. 2.



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



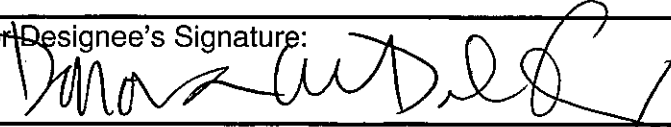
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JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

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

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2690, SD1	CPH, WAM	8/28/16		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			/
HARIMOTO, Breene	/			
INOUYE, Lorraine R.			/	
RIVIERE, Gil	/			
TANIGUCHI, Brian T.				/
WAKAI, Glenn				/
SLOM, Sam			/	
<b>TOTAL</b>	6		2	3
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