

Honolulu, Hawaii
March 18, 2016

RE: S.B. No. 2691
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Health, to which was referred S.B. No. 2691, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CHAPTER 245, HAWAII REVISED STATUTES,"

begs leave to report as follows:

The purpose of this measure is to regulate electronic smoking devices and e-liquid, in addition to cigarettes and tobacco products, under chapter 245, Hawaii Revised Statutes, by:

- (1) Imposing an excise tax on disposable electronic smoking devices and e-liquid sold by a wholesaler or dealer, whether or not sold at wholesale, or if not sold then at the same rate upon use by the wholesaler or dealer; and
- (2) Requiring every retailer engaged in the retail sale of cigarettes, tobacco products, electronic smoking devices, or e-liquid to obtain a retail tobacco permit to sell, possess, keep, acquire, distribute, or transport cigarettes, tobacco products, electronic smoking devices, or e-liquid for retail sale.

The Department of Health, University of Hawai'i Cancer Center, Blue Zone Project, American Lung Association in Hawaii, Coalition for a Tobacco-Free Hawaii, and numerous individuals testified in support of this measure. PC Gamerz, Hawaii Vapers United Association, VOLCANO Fine Electronic Cigarettes, and numerous

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individuals testified in opposition to this measure. The Department of Taxation, American Heart Association, and Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

- (1) Increasing the license fee for persons engaged as a wholesaler or dealer of cigarettes, tobacco products, electronic smoking devices, and e-liquid;
- (2) Increasing the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes, tobacco products, electronic smoking devices, and e-liquid;
- (3) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2691, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2691, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



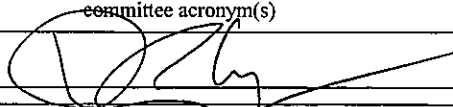
DELLA AU BELATTI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 1118-16

Record of Votes of the Committee on Health

Bill/Resolution No.: SB 2691, SD2	Committee Referral: HLT, CPC, FIN	Date: 3/16/16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. BELATTI, Della Au (C)	✓			
2. CREAGAN, Richard P. (VC)	✓			
3. HASHEM, Mark J.	✓			
4. JORDAN, Jo	✓			
5. KOBAYASHI, Bertrand	✓			
6. MORIKAWA, Dee	✓			
7. OSHIRO, Marcus R.				✓
8. FUKUMOTO CHANG, Beth		✓		
9. TUPOLA, Andria P.L.		✓		
TOTAL (9)	6	2		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				