

STAND. COM. REP. NO.

1172

Honolulu, Hawaii

MAR 25 2021

RE: H.B. No. 476
H.D. 3
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Health and Commerce and Consumer Protection, to which was referred H.B. No. 476, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Impose an excise tax of fifty percent of the otherwise applicable tax under section 245-3, Hawaii Revised Statutes, on every wholesaler for each modified risk tobacco product sold, used, or possessed by a wholesaler;
- (2) Define modified risk tobacco product;
- (3) Establish taxation of e-liquids used in electronic smoking devices;
- (4) Require wholesalers and dealers to be licensed; and
- (5) Require retailers of tobacco and e-liquids to obtain permits.

Your Committees received testimony in support of this measure from the Department of Health, Hawaii State Teachers Association,



Hawaii Substance Abuse Coalition, Hawai'i Primary Care Association, and Democratic Party of Hawaii Labor Caucus. Your Committees received testimony in opposition to this measure from the American Cancer Society Cancer Action Network, Hawai'i Public Health Institute, Black Lava Vape, Hawaii COPD Coalition, Irie Hawaii, Smoke-Free Alternatives Trade Association, AlohaCare, Hawaii Food Industry Association, Volcano Vape Shops, Hawaii Smokers Alliance, and forty-one individuals. Your Committees received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, Campaign for Tobacco-Free Kids, American Heart Association, American Lung Association in Hawaii, and Grassroot Institute of Hawaii.

Your Committees find that electronic smoking devices (ESDs), also known as e-cigarettes, have become the most used tobacco products among youth in the State. While youth cigarette smoking has decreased from the year 2000, youth ESD use has continued to rise. Your Committees further find that in Hawaii, ESDs are not taxed like other tobacco products and often can be purchased at lower prices than cigarettes. According to the U.S. Surgeon General, increasing the price of tobacco products is the single most effective way to reduce consumption. This measure establishes taxes for certain e-liquid products.

Your Committees recognize the testimony of the Department of Health, which voiced concerns that more research is needed to determine the best taxation strategy for any emerging product and that using standardized definitions to achieve tax parity with other tobacco products would best address the youth vaping epidemic. Additionally, your Committees recognize the testimony of the Department of Taxation, which noted that section 245-31, Hawaii Revised Statutes, creates a redundant reporting requirement.

Therefore, your Committees have amended this measure by:

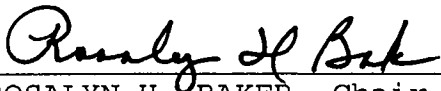
- (1) Removing the proposed definitions of "e-liquid", "e-liquid cartridge", "electronic smoking device", "open system e-liquid", and "unit of open system e-liquid";
- (2) Removing all references to the definitions listed in paragraph (1), above;



- (3) Defining "e-liquid" and "smoke" or "smoking";
- (4) Amending the definition of tobacco products; and
- (5) Repealing section 245-31, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Health and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 476, H.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 476, H.D. 3, S.D. 1, and be referred to your Committee on Ways and Means.

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



ROSALYN H. BAKER, Chair

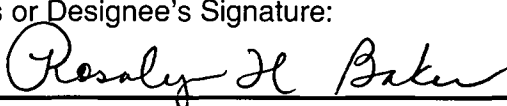


JARRETT KEOHOKALOOLE, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:
HB 476 HD3	HTH/CPN, NAM	3-19-2021
<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
KEOHOKALOLE, Jarrett (C)	✓	
BAKER, Rosalyn (VC)	✓	
MORIWAKI, Sharon Y.	✓	
SAN BUENAVENTURA, Joy A.	✓	
FEVELLA, Kurt	✓	
TOTAL	5	-
	-	-
Recommendation:		
<input checked="" type="checkbox"/> Adopted	<input type="checkbox"/> Not Adopted	
Chair's or Designee's Signature:		
		
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*Only one measure per Record of Votes

The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* HB 476 HD3	Committee Referral: HTH/CPN, WAM	Date: 03.19.2024		
<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
BAKER, Rosalyn H. (C)	/			
CHANG, Stanley (VC)	/			
MISALUCHA, Bennette E.	/			
NISHIHARA, Clarence K.	/			
RIVIERE, Gil	/			
SAN BUENAVENTURA, Joy A.	/			
FEVELLA, Kurt	/			
TOTAL	7	—	—	—
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center;"><i>Clarence K. Nishihara</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

***Only one measure per Record of Votes**