

STAND. COM. REP. NO.

203

Honolulu, Hawaii

, 2021

FEB 12

RE: H.B. No. 598

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 598 entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO PRODUCTS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the offense of unlawful shipment of tobacco products;
- (2) Include electronic smoking devices and substances used in electronic smoking devices within the definition of "tobacco products", as used in the cigarette tax and tobacco tax law;
- (3) Increase the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products;
- (4) Increase the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products;
- (5) Fund health education and prevention programs concerning the risks and dangers of the use of electronic smoking devices for youth; and

2021-1513 HB598 HD1 HSCR HMSO



- (6) Repeal various statutory provisions relating to electronic smoking devices.

Your Committee received testimony in support of this measure from the Department of Health, Hawaii Dental Association, Hawaii Substance Abuse Coalition, Friends of Kamalani and Lydgate Park, Blue Zones Project, Hawai'i Public Health Institute, Cancer Action Network, Hawaii State Teachers Association, AlohaCare, American Heart Association, The Man Cave, and eighteen individuals. Your Committee received testimony in opposition to this measure from the American Vaping Association, Americans for Tax Reform, VOLCANO Vape Shops, Retail Merchants of Hawaii, Hawaii Smokers Alliance, Vapor Bar Inc., and numerous individuals. Your Committee received comments on this measure from the Department of Taxation, Department of the Attorney General, Tax Foundation of Hawaii, Hawaii Food Industry Association, and Hawaii Primary Care Association.

Your Committee finds that the use of electronic smoking devices has been increasing exponentially and electronic cigarette use is especially popular among youth in Hawaii. While the use of electronic cigarettes by youths has risen nationally, use in Hawaii by youths is even higher. Your Committee further finds that the rapid growth of the electronic smoking device industry necessitates further regulation to protect consumers. Your Committee believes that certain measures must be taken to deter the use of electronic smoking devices, especially by the youth.

Your Committee has amended this measure by:

- (1) Removing the definition of "tobacco products" that would have taxed electronic smoking devices and substances used in electronic smoking devices for purposes of the cigarette tax and tobacco tax law;
- (2) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B.



No. 598, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 598, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



A handwritten signature in black ink, appearing to read 'H. J. C. Aquino', written over a horizontal line.

HENRY J. C. AQUINO, Chair



