

STAND. COM. REP. NO.

1572

Honolulu, Hawaii

MAR 24 , 2023

RE: S.B. No. 975
S.D. 2
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred S.B. No. 975, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Include electronic smoking devices and e-liquids under the definition of "tobacco products" for purposes of the cigarette tax and tobacco tax law;
- (2) Exempt electronic smoking devices and e-liquids from the excise tax on all tobacco products other than large cigars;
- (3) Beginning January 1, 2024, impose an excise tax on each electronic smoking device or e-liquid sold, used, or possessed by a wholesaler or dealer; and
- (4) Repeal the Electronic Smoking Device Retailer Registration Unit under the Department of the Attorney General.

2023-2867 SB975 HD2 HSCR HMSO



Your Committee received testimony in support of this measure from the Department of the Attorney General, Department of Health, John A. Burns School of Medicine, one member of the Hawai'i County Council, Hawaii State Teachers Association, Hawaii COPD Coalition, Hawai'i Public Health Institute, Papa Ola Lokahi, Hawaii Medical Service Association, Hawai'i State Youth Commission, Hawaii Association of Independent Schools, Hawai'i Primary Care Association, Parents and Children Together, Hawai'i Public Health Association, Hawaii Dental Association, Hawaii Medical Association, Coalition for a Tobacco-Free Hawai'i Youth Council, Hawai'i Children's Action Network Speaks!, and numerous individuals. Your Committee received testimony in opposition to this measure from the Americans for Tax Reform, Retail Merchants of Hawaii, Consumer Choice Center, Hawaii Smokers' Alliance, and thirteen individuals. Your Committee received comments on this measure from the Department of Taxation, American Heart Association, Tax Foundation of Hawaii, Reason Foundation, Taxpayers Protection Alliance, and Campaign for Tobacco-Free Kids.

Your Committee finds that the use of electronic smoking devices among youth and young adults in the State is a public health concern. Hawaii has the third highest electronic smoking device usage rate in the nation with one in three public high school students and more than one in six public middle school students reporting that they are regularly vaping. Establishing a stringent tax on electronic smoking devices and e-liquid products will disincentivize vaping, particularly among the youth and young adults in the State.

Your Committee has amended this measure by:

- (1) Establishing the offense of unlawful shipment of tobacco products;
- (2) Deleting language that would have exempted electronic smoking devices and e-liquids from the excise tax on all tobacco products other than large cigars;
- (3) Increasing the license and permit fees for wholesalers, dealers, and retailers of cigarettes and tobacco products;



- (4) Requiring retail tobacco permits to include information on whether the place of business sells electronic smoking devices, e-liquids, or both;
- (5) Repealing provisions governing delivery sales of electronic smoking devices;
- (6) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider changing the effective date to January 1, 2025.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 975, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 975, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



