STAND. COM. REP. NO. 807

Honolulu, Hawaii

Monh 6, 2009

RE: H.B. No. 895 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 895, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX ON TOBACCO PRODUCTS OTHER THAN CIGARETTES,"

begs leave to report as follows:

The purpose of this bill is to deter the use of tobacco products other than cigarettes, including smokeless tobacco, snuff, cigars, and pipe tobacco, by:

- (1) Increasing the tobacco tax on such products from 40 percent to 60 percent of the wholesale price; and
- (2) Requiring that 33.3 percent of the proceeds collected be deposited into the Community Health Centers Special Fund.

The American Cancer Society, American Lung Association in Hawaii, Hawaii COPD Coalition, Hawaii Primary Care Association, Coalition for a Tobacco-Free Hawaii, and several concerned individuals supported this bill. The Department of Budget and Finance, Cigar Association of America, Inc., and Hawaiian Isles Enterprises opposed this measure. The Department of Taxation, American Heart Association, South Pacific Pipes and Cigars, and Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

HB895 HD2 HSCR FIN HMS 2009-2580



- (1) Increasing the tobacco tax from 40 percent to 80 percent of the wholesale price of each article or item of tobacco products;
- (2) Deleting the percentage of the proceeds to be deposited into the Community Health Centers Special Fund to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 895, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 895, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Finance.

MARCUS R. OSHIRO, Chair

## State of Hawaii



## **Record of Votes of the Committee on Finance**

HB 895, HD1 Committee	e Referral: LT, FI/	V Date	Feb 27,	2009
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	V			
2. LEE, Marilyn B. (VC)	V			
3. AQUINO, Henry J.C.	V			
4. AWANA, Karen Leinani				
5. BROWER, Tom	-			
6. CHOY, Isaac W.			× Soundainwesserrepwebsons	Al-consonius Sures Sassanius sasa
7. COFFMAN, Denny	$\nu$			
8. HAR, Sharon E.	υ ν			W 1111 - 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
9. KEITH-AGARAN, Gilbert S.C.	<i>V</i> _			
10. LEE, Chris		Para Caraca de Carac		
11. NISHIMOTO, Scott Y.				
12. SAGUM, Roland D., III				
13. TOKIOKA, James Kunane				
14. WOOLEY, Jessica				
15. YAMASHITA, Kyle T.				
16. PINE, Kymberly Marcos				
17. WARD, Gene				
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TOTAL (17)	14		$\bigcirc$	2
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The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature: Marif B. Lee				
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