

Honolulu, Hawaii

MAR 27 2009

RE: H.B. No. 895
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Health, to which was referred H.B. No. 895,
H.D. 2, 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 measure 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 forty
per cent to eighty per cent of the wholesale price; and
- (2) Requiring that a percentage of the proceeds collected be
deposited into the community health centers special
fund.

Your Committee received testimony in support of this measure
from the Hawaii Primary Care Association, the Coalition for a
Tobacco-Free Hawaii, the American Lung Association, the United
Filipino Council of Hawaii, the Asian America Network of Cancer
Awareness Research, the Filipino American Citizens League,
Filipino Coalition for Solidarity, the Filipinos for Affirmative
Action, Nursing Advocates & Mentors Inc., and the Oahu Filipino
Community Council. Testimony in opposition to this measure was
submitted by the Department of Taxation and the Cigar Association
of Hawaii. Comments and amendments on this measure were offered



by the Tax Foundation of Hawaii. The American Heart Association and the American Cancer Society support this measure with amendments. Comments on this measure were submitted by the Department of Budget and Finance.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that tax increases on tobacco products have proven to be an effective means of reducing youth consumption of tobacco. To ensure that tobacco products are taxed at rates comparable to cigarette taxes, the tax on tobacco products should gradually increase.

Your Committee further finds that a portion of the tax revenues generated from tobacco products should be used for tobacco prevention programs.

Accordingly, your Committee has amended this measure by:

- (1) Increasing the excise tax on tobacco products to eighty-five per cent on September 30, 2009, ninety-five per cent on September 30, 2010, and one hundred five per cent on September 30, 2011;
- (2) Requiring that a percentage of the amount of tax collected on tobacco products be deposited to the credit of the Hawaii tobacco prevention and control trust fund established pursuant to section 328L-5, Hawaii Revised Statutes, and the health systems special fund pursuant to section 323F-21, Hawaii Revised Statutes, in addition to the community health centers special fund;
- (3) Changing the effective date to July 1, 2050, to encourage further discussion on this matter; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity 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 H.B. No. 895, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 895,



H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

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

David Y. Ige

DAVID Y. IGE, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Health
HTH

Bill / Resolution No.:*	Committee Referral:	Date:
HB 895 HD 2	HTH, WAM	03-18-09
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>		
Members	Aye	Aye (WR)
IGE, David Y. (C)	✓	
GREEN, M.D., Josh (VC)	✓	
BAKER, Rosalyn H.	✓	
ESPERO, Will	✓	
NISHIHARA, Clarence K.	✓	
HEMMINGS, Fred		
TOTAL	5	2-2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div> <input checked="" type="checkbox"/> Adopted </div> <div> <input type="checkbox"/> Not Adopted </div> </div>		
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"> </div>		
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>		

*Only one measure per Record of Votes