

STAND. COM. REP. NO.

876

Honolulu, Hawaii

March, 2009

RE: H.B. No. 686

H.D. 1

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. 686  
entitled:

"A BILL FOR AN ACT RELATING TO REDUCED IGNITION PROPENSITY  
CIGARETTES,"

begs leave to report as follows:

The purpose of this bill is to facilitate the transition to  
reduced ignition propensity cigarettes (RIPCs) by:

- (1) Delaying the implementation of the RIPC Law from  
September 30, 2009, to September 30, 2010;
- (2) Establishing a special revolving fund for the State Fire  
Council (SFC) to hire personnel to administer the RIPC  
program and to cover program costs.

The SFC, Honolulu Fire Department, County of Maui Department  
of Fire and Public Safety, Hawaii Fire Department, Kauai Fire  
Department, and the Coalition for a Tobacco-Free Hawaii supported  
this bill. The Department of Budget and Finance offered comments.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020, to  
encourage further discussion; and

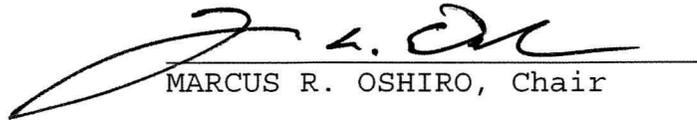
HB686 HD1 HSCR FIN HMS 2009-2579



- (2) 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. 686, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 686, H.D. 1.

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

  
MARCUS R. OSHIRO, Chair





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# A BILL FOR AN ACT

RELATING TO REDUCED IGNITION PROPENSITY CIGARETTES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 132C-4, Hawaii Revised Statutes, is  
2 amended by amending its title and subsection (a) to read as  
3 follows:

4           "~~§~~**132C-4**~~]~~ **Certification; marking~~[-]~~; revolving fund.**

5           (a) Each manufacturer shall submit to the state fire council  
6 written certification attesting that each cigarette has been  
7 tested in accordance with, and has met the performance standard  
8 required under section 132C-3. The description of each  
9 cigarette listed in the certification shall include:

- 10           (1) The brand or trade name on the package;
- 11           (2) Style, such as light or ultra light;
- 12           (3) Length in millimeters;
- 13           (4) Circumference in millimeters;
- 14           (5) Flavor, such as menthol, if applicable;
- 15           (6) Filter or nonfilter;
- 16           (7) Package description, such as a soft pack or box;
- 17           (8) The mark approved pursuant to subsection (b);



1 (9) The name, address, and telephone number of the  
2 laboratory, if different than the manufacturer that  
3 conducted the test; and

4 (10) The date that the testing occurred.

5 Each cigarette certified under this subsection shall be  
6 recertified every three years. For each cigarette listed in a  
7 certification, a manufacturer shall pay to the state fire  
8 council a \$375 fee. The fees shall be deposited into a special  
9 revolving fund hereby created within the state treasury and to  
10 be administered by the state fire council. Moneys from the  
11 special revolving fund shall be expended only to hire personnel  
12 to administer the reduced ignition propensity cigarette program  
13 and to cover any costs associated with the program, including  
14 processing, testing, enforcement, inspections, and oversight.

15 The state fire council is authorized to annually adjust this fee  
16 to ensure it defrays the actual costs of the administration,  
17 processing, testing, enforcement, inspection, and oversight  
18 activities required by this chapter.

19 The certifications shall be made available to the attorney  
20 general for purposes consistent with this chapter."

21 SECTION 2. Section 132C-8, Hawaii Revised Statutes, is  
22 amended to read as follows:



1           "~~§~~132C-8~~+~~ Existing inventories; consumer testing.

2 The requirement that cigarettes sold in Hawaii must be in  
3 compliance with this chapter shall not prohibit:

4           (1) Wholesalers or dealers from selling existing cigarette  
5 inventories on or after September 30, ~~2009+~~ 2010;  
6 provided that the wholesaler or dealer can establish  
7 both of the following to the satisfaction of the state  
8 fire council:

9           (A) The Hawaii tax stamps were affixed to the  
10 cigarettes pursuant to chapter 245 prior to  
11 September 30, ~~2009+~~ 2010; and

12           (B) The inventory was purchased prior to September  
13 30, ~~2009+~~ 2010, and the purchased inventory is  
14 comparable to the amount of inventory purchased  
15 during the same period the previous year; or

16           (2) The sale of cigarettes solely for the purpose of  
17 consumer testing. For the purposes of this paragraph,  
18 the term "consumer testing" means an assessment of  
19 cigarettes that is conducted by or under the control  
20 and direction of a manufacturer for the purpose of  
21 evaluating consumer acceptance of cigarettes, using  
22 only the quantity of cigarettes that is reasonably



1           necessary for the assessment, and in a controlled  
2           setting where the cigarettes are either consumed on-  
3           site or returned to the testing administrators at the  
4           conclusion of the testing."

5           SECTION 3. Act 218, Session Laws of Hawaii 2008, is  
6           amended by amending section 6 to read as follows:

7           "SECTION 6. This Act shall take effect on September 30,  
8           ~~[2009,]~~ 2010, and shall be implemented to coincide with the  
9           excise tax incremental increase on cigarettes effective  
10          September 30, ~~[2009,]~~ 2010, pursuant to section 245-3, Hawaii  
11          Revised Statutes; provided that section 4 shall take effect upon  
12          approval of this Act; provided further that section [~~5(1),~~  
13          132C-5(1), Hawaii Revised Statutes, shall take effect upon  
14          approval of this Act."

15          SECTION 4. Statutory material to be repealed is bracketed  
16          and stricken. New statutory material is underscored.

17          SECTION 5. This Act shall take effect on July 1, 2020.



**Report Title:**

Reduced Ignition Propensity Cigarettes; Certification; Revolving Fund

**Description:**

Delays implementation of the reduced ignition propensity cigarettes law to 09/30/2010. Creates a special revolving fund to receive deposits of cigarette certification fees. Authorizes the state fire council to expend moneys from the fund to cover the reduced ignition propensity cigarettes personnel and program costs. (HB686 HD1)



WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION  
AND PUBLIC SAFETY AND MILITARY AFFAIRS  
ON  
HOUSE BILL NO. 686, H.D. 1

March 23, 2009

RELATING TO REDUCED IGNITION PROPENSITY CIGARETTES

House Bill No. 686, H.D. 1, delays the implementation of the reduced ignition propensity cigarettes law to September 30, 2010, and creates a special revolving fund to receive a \$375 fee every three years from the manufacturer for certification testing and authorizes the State Fire Council to expend the funds to cover the personnel and program costs.

We have concerns with this bill. As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. Although the State Fire Council is authorized to annually adjust the certification fee, it is difficult to determine whether the fund will be self-sustaining.



**STATE OF HAWAII**  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
**State Fire Council**  
830 Punchbowl Street  
Honolulu, Hawaii 96813

March 20, 2009

The Honorable Rosalyn Baker, Chair  
Committee on Commerce and Consumer Protection  
The State Senate  
State Capitol, Room 231  
Honolulu, Hawaii 96813

The Honorable Will Espero, Chair  
Committee on Public Safety and Military Affairs  
The State Senate  
State Capitol, Room 207  
Honolulu, Hawaii 96813

Dear Chairs Baker and Espero:

Subject: H.B. 686, H.D. 1 Relating to Reduced Ignition Propensity Cigarettes (RIPC)

I am Kenneth G. Silva, Chair of the State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD support H.B. 686, H.D. 1, which proposes to extend the RIPC compliance date from September 30, 2009, to September 30, 2010. The bill also seeks to establish a special revolving fund with cigarette certification fees to be administered by the SFC. The SFC respectfully recommends revising the effective date in Section 5 to "upon its approval."

The special revolving fund will be expended only for costs associated with the RIPC program and hiring of personnel to administer and accomplish the following:

1. Adopt administrative rules for program implementation, and establish compliance inspections, approved forms, and enforcement procedures and guidelines.
2. Receive, verify, and approve certifications for approximately 1,100 different cigarette brands from manufacturers.

The Honorable Rosalyn Baker, Chair  
The Honorable Will Espero, Chair  
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3. Compile a list of the approved brands, verify state tax compliance with the State Department of the Attorney General, and post it on a state website.
4. Review and approve, as needed, alternative test methods or fire standard compliance markings submitted by a manufacturer.
5. Submit the compliance testing to an accredited laboratory to verify that all performance standards have been met, if needed.

The purpose of Chapter 132C of the Hawaii Revised Statutes (formerly Act 218 of the 2008 Session Laws of Hawaii) is to reduce fires caused by cigarettes by requiring that only RIPC be sold in the state. In accordance with the law, cigarette manufacturers are assessed a \$375 fee triennially for each brand of cigarette in order for the SFC to implement and administer the program. Twenty-two states have similar legislation in effect, and 16 states have passed legislation to implement the program. The State Fire Marshal's (SFM) Office for these states is responsible for the program and works cooperatively with their Attorney General.

Hawaii, the only state without a SFM, has the SFC. The SFC's staff consists of one part-time employee funded by the State Department of Labor and Industrial Relations. That employee is already tasked with other council duties, including application and administration of training grants, adoption of the state fire code, and coordination of meetings, travel, and other daily duties.

The SFC and the HFD urge your committee's support on the passage of H.B. 686, H.D. 1, with the recommended revision. This measure will reduce the number of fires caused by cigarettes in our state.

Should you have any questions, please call HFD Legislative Liaison Lloyd Rogers at 723-7171.

Sincerely,



KENNETH G. SILVA  
Chair

KGS/LR:cn

**William P. Kenoi**  
Mayor



**Darryl J. Oliveira**  
Fire Chief

**Glen P. I. Honda**  
Deputy Fire Chief

## County of Hawai'i

### FIRE DEPARTMENT

25 Aupuni Street • Suite 103 • Hilo, Hawai'i 96720  
(808) 981-8394 • Fax (808) 981-2037

March 19, 2009

TO : THE HONORABLE ROSALYN H. BAKER, CHAIR  
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

THE HONORABLE WILL ESPERO, CHAIR  
COMMITTEE ON PUBLIC SAFETY AND MILITARY AFFAIRS

FROM : DARRYL OLIVEIRA, FIRE CHIEF

SUBJECT: HB 686, HD 1, RELATING TO REDUCED IGNITION PROPENSITY  
CIGARETTES (RIPC)  
NOTICE OF HEARING: MONDAY, MARCH 23, 2009 / 10:30 A.M.

The Hawaii Fire Department supports HB 686, HD 1, which proposes to extend the RIPC compliance date from September 30, 2009, to September 30, 2010. The bill also seeks to establish a special revolving fund with cigarette certification fees to be administered by the State Fire Council.

Act 218, 2008 Legislative Session, which is now 132C Hawaii Revised Statutes, was passed with the purpose to reduce cigarette caused fires by requiring all cigarettes sold in the state be of a reduced ignition propensity type. The law states that cigarette manufacturers are assessed triennially a \$375 fee per brand type and for the SFC to implement and administer the program. Twenty-two states have similar legislation in effect and 16 states have passed legislation to implement the program. The State Fire Marshal's Office for each of these states has the responsibility for the program and works cooperatively with their Attorney General's Office. Hawaii is the only state without a State Fire Marshal, but instead has the State Fire Council, which is comprised of the four county fire chiefs and administratively attached to the Department of Labor and Industrial Relations.

The special revolving fund will be expended only for costs associated with the RIPC program and hiring of personnel to administer and accomplish the following:

1. Adopt administrative rules for program implementation, and establish compliance inspections, approved forms, and enforcement procedures and guidelines.
2. Receive, verify, and approve certifications for approximately 1,100 different cigarette brands from manufacturers.



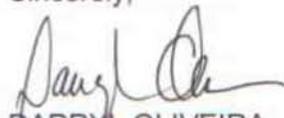
The Honorable Rosalyn Baker, Chair  
The Honorable Will Espero, Chair  
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3. Compile a list of the approved brands, verify state tax compliance with the State Department of the Attorney General, and post it on a state website.
4. Review and approve, as needed, alternative test methods or fire standard compliance markings submitted by a manufacturer.
5. Submit the compliance testing to an accredited laboratory to verify that all performance standards have been met, if needed.

The State Fire Council's staff consists of one part-time employee funded by the State Department of Labor and Industrial Relations. That employee is already tasked with other council duties, including application and administration of training grants, adoption of the state fire code, and coordination of meetings, travel, and other daily duties.

The Hawaii Fire Department urges your committee's support on the passage of HB 686, HD 1, to administer this important program, which will reduce the number of fires caused by cigarettes in our state.

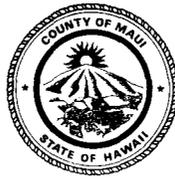
Sincerely,



DARRYL OLIVEIRA  
Fire Chief

DO:lk

**CHARMAINE TAVARES  
MAYOR**



**JEFFREY A. MURRAY  
CHIEF**

**ROBERT M. SHIMADA  
DEPUTY CHIEF**

**COUNTY OF MAUI  
DEPARTMENT OF FIRE AND PUBLIC SAFETY**

200 DAIRY ROAD  
KAHULUI, MAUI, HAWAII 96732  
(808) 270-7561  
FAX (808) 270-7919

March 19, 2009

The Honorable Rosalyn Baker, Chair  
Committee on Consumer Protection  
The State Senate  
State Capitol, Room 231  
Honolulu, Hawaii 96813

The Honorable Will Espero, Chair  
Committee on Public Safety and Military Affairs  
The State Senate  
State Capitol, Room 207  
Honolulu, Hawaii 96813

Dear Chairs Baker and Espero:

Subject: H.B. 686, H.D. 1 Relating to Reduced Ignition Propensity Cigarettes (RIPC)

I am Jeffrey A. Murray, Fire Chief of the County of Maui, Department of Fire and Public Safety (DOFAPS) and a member of the State Fire Council (SFC). The DOFAPS and the SFC support H.B. 686, H.D. 1, which proposes to extend the RIPC compliance date from September 30, 2009, to September 30, 2010. The bill also seeks to establish a special revolving fund with cigarette certification fees to be administered by the SFC. The SFC respectfully recommends revising the effective date in Section 5 to "upon its approval".

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The Honorable Rosalyn Baker and Will Espero, Chairs  
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March 19, 2009

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The purpose of Chapter 132C of the Hawaii Revised Statutes (formerly Act 218 of the 2008 Session Laws of Hawaii) is to reduce fires caused by cigarettes by requiring that only RIPC be sold in the state. In accordance with the law, cigarette manufacturers are assessed a \$375 fee triennially for each brand of cigarette in order for the SFC to implement and administer the program. Twenty-two states have similar legislation in effect, and 16 states have passed legislation to implement the program. The State Fire Marshal's (SFM) Office for these states is responsible for the program and works cooperatively with their Attorney General.

Hawaii, the only state without a SFM, has the SFC. The SFC's staff consists of one part-time employee funded by the State Department of Labor and Industrial Relations. That employee is already tasked with other council duties, including application and administration of training grants, adoption of the state fire code, and coordination of meetings, travel, and other daily duties.

The DOFAPS and the SFC urge your committee's support on the passage of H.B. 686, H.D. 1, with the recommended revision. This measure will reduce the number of fires caused by cigarettes in our state.

Should you have any questions, please call Honolulu Fire Department's Legislative Liaison Lloyd Rogers at 723-7171.

Sincerely,



JEFFREY A. MURRAY  
Fire Chief

JAM:rkm

Bernard P. Carvalho, Jr.  
Mayor

Robert F. Westerman  
Fire Chief

John T. Blalock  
Deputy Fire Chief



COUNTY OF KAUAI  
Fire Department  
Mo'ikeha Building  
4444 Rice Street, Suite 295  
Lihue, Kauai, Hawaii 96766

March 18, 2009

The Honorable Rosalyn Baker, Chair  
Committee on Consumer Protection  
The State Senate  
State Capitol, Room 231  
Honolulu, Hawaii 96813

The Honorable Will Espero, Chair  
Committee on Public Safety and Military Affairs  
The State Senate  
State Capitol, Room 207  
Honolulu, Hawaii 96813

Dear Chairs Baker and Espero:

**Subject: H.B. 686, H.D. 1 Relating to Reduced Ignition Propensity Cigarettes (RIPC)**

I am Robert F. Westerman, member of the State Fire Council (SFC) and Fire Chief of the Kauai Fire Department (KFD). The SFC and the KFD support H.B. 686, H.D. 1, which proposes to extend the RIPC compliance date from September 30, 2009, to September 30, 2010. The bill also seeks to establish a special revolving fund with cigarette certification fees to be administered by the SFC. The SFC respectfully recommends revising the effective date in Section 5 to "upon its approval".

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The SFC and the KFD urge your committee's support on the passage of H.B. 686, H.D. 1, with the recommended revision. This measure will reduce the number of fires caused by cigarettes in our state.

Should you have any questions, please call me at 241-4980.

Sincerely,

Robert F. Westerman  
Fire Chief

RFW/LR:cz



COALITION FOR A  
TOBACCO-FREE HAWAII

To: Senator Rosalyn H. Baker, Chair, Commerce and Consumer Protection Committee  
Senator David Y. Ige, Chair, Commerce and Consumer Protection Committee  
Senator Will Espero, Chair, Public Safety and Military Affairs Committee  
Senator Robert Bunda, Vice Chair, Public Safety and Military Affairs Committee  
Members, Senate Joint Committee on Commerce & Consumer Protection and Public  
Safety & Military Affairs

From: Trisha Y. Nakamura, Policy and Advocacy Director 

Date: March 19, 2009

Hrg: Senate Joint Committee on CPN/PSM; March 23, 2009 at 10:30 a.m.; Rm 229

Re: **Support for HB 686, HD 1 Relating to Reduced Ignition Propensity Cigarettes**

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Thank you for the opportunity to comment in support of HB 686, HD 1 which delays the implementation of the reduced ignition propensity cigarettes law (Act 218 of the 2008 Session Laws of Hawaii).

The Coalition for a Tobacco Free Hawaii (Coalition) is the only independent organization in Hawaii whose sole mission is to reduce tobacco use through education, policy and advocacy. The Coalition provides leadership for the tobacco control community, develops networks, helps coordinate tobacco control programs and builds community awareness.

In 2008, the Coalition testified in support of HB 2438, the measure that became the reduced ignition cigarettes law. Reduced ignition propensity cigarettes will reduce harms caused by cigarette-smoking. Here, a reduction in the number of cigarette fires which are the leading causes of fire deaths and property damage in the United States.

The Coalition appreciates the Legislature's current effort to ensure thorough and appropriate implementation of the reduced ignition propensity cigarettes law by the State Fire Council. HB 686, HD 1 aims to ensure that the State Fire Council is adequately equipped and funded to administer the reduced ignition propensity cigarette program and ensure proper enforcement of the law.

Thank you for the opportunity to testify on this matter.