

STAND. COM. REP. NO.

681

Honolulu, Hawaii

MAR 06 2015

RE: S.B. No. 1032
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1032, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CHAPTER 245, HAWAII REVISED STATUTES,"

begs leave to report as follows:

The purpose and intent of this measure is to strengthen the cigarette tax and tobacco tax law.

Specifically, the measure:

- (1) Expands the definition of "tobacco products" to include products that do not contain tobacco, but contain nicotine;
- (2) Increases the license fees of cigarette and tobacco product wholesalers and dealers; and
- (3) Increases the retail tobacco permit fees of retailers.

Your Committee received written comments in support of this measure from the Department of Health, the University of Hawaii Cancer Center, the American Cancer Society Cancer Action Network, the American Heart Association, the Coalition for a Tobacco Free Hawaii, and one individual. Written comments in opposition to this measure were received from the Hawaii Cigar Association, the Hawaii Food Industry Association, Kauai Cigar Company, PC Gamerz, Volcano Fine Electronic Cigarettes, and eight individuals.

SB1032 SD2 SSCR LRB 15-1851.doc



Written comments on the measure were received from the Department of Taxation.


Your Committee finds that the license and retail tobacco permit fees have remained unchanged since 1995, despite high tobacco taxes and ever-increasing tobacco industry expenditures in marketing and advertising. Tobacco licensing is an effective tool for limiting the negative public health consequences of tobacco use and for ensuring that wholesalers and retailers follow responsible sales practices.

Your Committee has amended this measure by:

- (1) Changing the license and permit fees to unspecified amounts; and
- (2) Changing the effective date to July 1, 2053, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1032, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1032, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

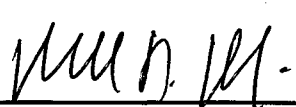


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

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|---|---|---------------------------------------|----------------------------------|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| SB1032 SD1 | CPN, WAM | 2/27/15 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: | | | | |
| <input type="checkbox"/> Pass, unamended 2312 | <input checked="" type="checkbox"/> Pass, with amendments 2311 | <input type="checkbox"/> Hold 2310 | | |
| <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| TOKUDA, Jill N. (C) | ✓ | | | |
| KOUCHI, Ronald D. (VC) | ✓ | | | |
| CHUN OAKLAND, Suzanne | | | | ✓ |
| DELA CRUZ, Donovan M. | ✓ | | | |
| ENGLISH, J. Kalani | ✓ | | | |
| GALUTERIA, Brickwood | ✓ | | | |
| HARIMOTO, Breene | ✓ | | | |
| INOUYE, Lorraine R. | | ✓ | | |
| RIVIERE, Gil | ✓ | | | |
| RUDERMAN, Russell E. | | | ✓ | ✓ |
| SLOM, Sam | | | ✓ | |
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| TOTAL | 7 | 1 | 1 | 2 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
|  | | | | |
| Distribution: | | | | |
| Original File with Committee Report | Yellow Clerk's Office | Pink Drafting Agency | Goldenrod Committee File Copy | |

*Only one measure per Record of Votes