STAND. COM. REP. NO. 513

Honolulu, Hawaii

February 17

2017

RE: H.B. No. 1495

H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 1495 entitled:

"A BILL FOR AN ACT RELATING TO REMOTE SALES OF CIGARETTES AND TOBACCO PRODUCTS,"

begs leave to report as follows:

The purpose of this measure is to prohibit mail order and internet-based cigarette and tobacco product sales that circumvent the State's regulatory and tax requirements by prohibiting the shipment of tobacco products including electronic cigarettes to any person in the State other than a licensed wholesaler, dealer, or retailer with a valid tobacco sales permit.

Your Committee received testimony in support of this measure from the Department of Health, American Heart Association, American Cancer Society Cancer Action Network, Hawaii Public Health Institute, and numerous individuals. Your Committee received testimony in opposition to this measure from VOLCANO Fine Electronic Cigarettes, Retail Merchants of Hawaii, Hawaii Cigar Association, Smokeless Hawaii, Hawaii Smokers Alliance, PC Gamerz Hawaii, and several individuals. The Department of Taxation, Department of the Attorney General, and an individual submitted comments.

Your Committee has amended this measure by:

- (1) Specifying that the prohibition on shipping to an unlicensed and non-permitted person in the State applies to shipment of cigarettes or tobacco products including electronic smoking devices;
- (2) Clarifying that authorization for shipments to retailers applies specifically to tobacco retailers;
- (3) Clarifying penalties by specifying that each shipment shall be a separate violation and deleting the \$5,000 limit on criminal fines;
- (4) Clarifying the definition of electronic smoking devices that are subject to the prohibition;
- (5) Changing its date to July 1, 2090, to encourage further discussion; and
- (6) Making technical, nonsubstantive changes for the purpose of clarity and consistency.

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. 1495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1495, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

DELLA AU BELATTI, Chair

State of Hawaii House of Representatives The Twenty-ninth Legislature



Record of Votes of the Committee on Health

Bill/Resolution No.: HB 1495	Committee Referral: HLT, CPC	Date	2-14	-17
θ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: θ Pass, unamended (as is) Pass, with amondments (HD) θ Hold θ Pass short form bill with HD to recommit for future public hearing (recommit)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. BELATTI, Della Au (C)				
2. KOBAYASHI, Bertrand (VC)				
3. HAR, Sharon E.				

4. MORIKAWA, Dee		And Andrew State Control of the Cont		The state of the s
5. OSHIRO, Marcus R.				
3. OSHIKO, Warcus K.				
6. TODD, Chris				
7. TUPOLA, Andria P.L.		V		"
TOTAL (7)	5	1	-0	1
The recommendation is: Adopted If joint referral, committee acronym(s) One Not Adopted did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				