STAND. COM. REP. NO. 183

Honolulu, Hawaii
February 3 , 2019

RE: H.B. No. 387 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Health, to which was referred H.B. No. 387 entitled:

"A BILL FOR AN ACT RELATING TO HEALTH,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Make it unlawful to ship tobacco products or transport tobacco products ordered through a remote sale to anyone other than a licensee;
- (2) Include e-liquid within the definition of tobacco products as used in the cigarette tax and tobacco tax law;
- (3) Increase the license fees for wholesalers or dealers and retail permit fees for tobacco products; and
- (4) Impose new excise taxes for wholesalers or dealers on cigarettes and little cigars, and other tobacco products, other than large cigars.

The Department of Health, University of Hawaii Student Health Advisory Council, Hawaii Pacific Health, Hawaii Primary Care Association, American Heart Association, Hawaii Public Health Institute, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, and numerous individuals testified in support of this measure. The Hawaii Food Industry Association, VOLCANO Fine Electronic Cigarettes, Hi Lyfe Vaporz, LLC, Logic Technology Development, LLC, Smokeless Hawaii Enterprises, Hawaii Smokers Alliance, and numerous individuals testified in opposition to this measure. The Department of Taxation, Department of the Attorney General, Tax Foundation of Hawaii, and American Cancer Society Cancer Action Network provided comments.

Your Committee has amended this measure by:

- (1) Allowing, rather than requiring, a person to be charged with a misdemeanor for unlawful shipment of tobacco;
- (2) Permitting the Department of Taxation to investigate reports of unlawful shipping of tobacco and to take appropriate actions, including an informal resolution of the matter;
- (3) Deleting the definition of e-liquid and the inclusion of e-liquids as part of the definition of tobacco products;
- (4) Deleting references to little cigars and large cigars in the language of the new excise taxes;
- (5) Changing the effective date to July 1, 2050, to promote further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee notes their intent behind making the language of the offense more permissive is to promote further discussion on this measure.

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. 387, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 387, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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

JOHN M. MIZUNO, Chair

## State of Hawaii House of Representatives The THIRTIETH Legislature

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

Bill/Resolution No.:  HB 387	Committee Referral:	FIN Date:	1-31	-19
☐ 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)				
HLT Members	Ayes	Ayes (WR)	Nays	Excused
1. MIZUNO, John M. (C)				
2. KOBAYASHI, Bertrand (VC)			egranismos COV, es	
3. BELATTI, Della Au				West, page 190
4. NAKAMURA, Nadine K.			. KATRIN PER TERUTEM TO	
5 CAN DUENA VENUNDA L.				
5. SAN BUENAVENTURA, Joy A	•			
6. SAY, Calvin K.Y.			Amaning Andrews in a case of	
7. TOKIOKA, James Kunane				
8. WARD, Gene			<u>and the second state of the second s</u>	
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TOTAL (8)	6			
The recommendation is:  Adopted Not Adopted  If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				