

STAND. COM. REP. NO.

544

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 887
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 887 entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO TAXES,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the
cigarette and tobacco tax and allocate portions of the resulting
revenue to the Hawaii Health Systems Corporation and toward
repaying medical school loans of qualifying graduates of the John
A. Burns School of Medicine.

Your Committee received testimony in support of this measure
from the Hawaii Health Systems Corporation, East Hawaii Region of
Hawaii Health Systems Corporation, American Heart Association,
Ho'omanapono Political Action Committee, Hawai'i Public Health
Institute, American Cancer Society Cancer Action Network, Blue
Zones Project, and five individuals. Your Committee received
testimony in opposition to this measure from the University of
Hawai'i System; Hawaii Smokers Alliance; Retail Merchants of
Hawaii; JT International U.S.A., Inc.; Black Lava Vape; and over
forty individuals. Your Committee received comments on this
measure from the Department of Taxation, Department of Health, and
Tax Foundation of Hawaii.

Your Committee finds that tobacco use remains the leading
cause of preventable disease and death in the United States and in



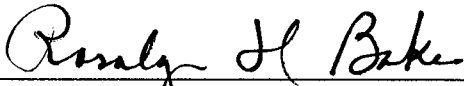
Hawaii. Smoking is associated with cancer, heart disease, stroke, emphysema, asthma and much more, yet tobacco use can be easily prevented by increasing its cost. It has been estimated that a ten percent increase in the price of cigarettes reduces adult smoking by about two percent, reduces smoking in young adults by approximately three and a half percent, and reduces the number of children who smoke by six or seven percent. Raising the cigarette and tobacco tax on cigarettes and little cigars sold in the State will protect individuals of all ages, especially adolescents and children, from tobacco dependency and the illnesses and premature death associated with smoking. At the same time, the revenues raised by this measure will help finance the public health system, which so many smokers ultimately rely on.

Your Committee has amended this measure by:

- (1) Increasing the allocation of tax collections to the Hawaii cancer research special fund from 2 cents to 3 cents;
- (2) Clarifying that the increased tax rate and disposition of the resulting revenues proposed by this measure will go into effect on July 1, 2020; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 887, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* SB 887	Committee Referral: CPH, WAM	Date: 2/13/19		
<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
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
KEOHOKALOPE, Jarrett				✓
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
FEVELLA, Kurt	✓			
TOTAL	6			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes