

STAND. COM. REP. NO.

864

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 887  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 887, S.D. 1, 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 amend statutory provisions relating to taxes on tobacco products.

Specifically, this measure increases the:

- (1) Tax on each cigarette or little cigar that is sold, used, or possessed by a wholesaler or dealer;
- (2) Amount from the foregoing tax on each cigarette or little cigar that is deposited to the credit of the:
  - (A) Hawaii cancer research special fund; and
  - (B) Community health centers special fund.

Your Committee received written comments in support of this measure from the Hawaii Health Systems Corporation, East Hawaii Region of Hawaii Health Systems Corporation, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, American Cancer Society Cancer Action Network, American Heart



Association, Hawaii Public Health Institute, and Blue Zones Project.

Your Committee received written comments in opposition to this measure from Irie Hawaii Stores; Hi Lyfe Vaporz, LLC; Retail Merchants of Hawaii; and twenty-five individuals.

Your Committee received written comments on this measure from the Department of Taxation, Department of Health, and Tax Foundation of Hawaii.

Your Committee finds that tobacco use is linked to cancer, heart disease, stroke, emphysema, asthma, and other diseases, and is still the leading cause of preventable disease and death in the State and in the nation. Your Committee believes that raising the tax on cigarettes and little cigars sold in the State will reduce the sale of these products and ultimately help protect residents from tobacco dependency, illnesses, and premature death. Further, revenues generated by this measure will help provide money for health-related funds.

Your Committee has amended this measure by changing the effective date of the:

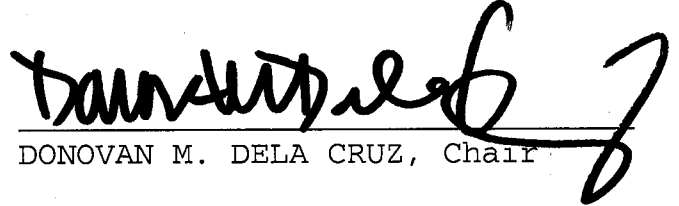
- (1) Provisions that increase the tax on cigarettes and little cigars and reallocate cigarette and tobacco tax revenues to July 1, 2051; and
- (2) Remaining provisions of the measure to July 1, 2050,

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. 887, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 887, S.D. 2.



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

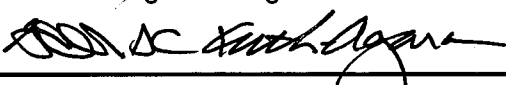


DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB 887, SD 1</b>	Committee Referral: <b>CPH, WAM</b>	Date: <b>2/21/19</b>		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani				X
HARIMOTO, Breene				X
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i				X
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
RIVIERE, Gil				X
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>9</b>			<b>4</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes