

STAND. COM. REP. NO.

903

Honolulu, Hawaii

MAR 05

, 2021

RE: H.B. No. 476
H.D. 3

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B.
No. 476, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Impose a fifty percent tax on the wholesale price for each modified risk tobacco product sold, used, or possessed by a wholesaler;
- (2) Impose an excise tax on the sale of each e-liquid cartridge or unit of open system e-liquid sold, used, or possessed by a wholesaler or dealer and require reports regarding e-liquid cartridges or units of open system e-liquid; and
- (3) Require wholesalers and dealers of e-liquids to obtain licenses and permits.

Your Committee received testimony in support of this measure from the Hawaii Substance Abuse Coalition. Your Committee received testimony in opposition to this measure from the Retail Merchants of Hawaii, Namaste Vapors, Hawaii Smokers Alliance, Smoke-Free Alternatives Trade Association, VOLCANO Vape Shops,

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Americans for Tax Reform, and numerous individuals. Your Committee received comments on this measure from the Department of Taxation, Department of Health, American Heart Association, Hawaii State Teachers Association, American Cancer Society Cancer Action Network, Tax Foundation of Hawaii, Coalition for a Tobacco-Free Hawaii, Grassroot Institute of Hawaii, AlohaCare, Campaign for Tobacco-Free Kids, American Lung Association in Hawaii, and five individuals.

Your Committee has amended this measure by:

- (1) Providing that the excise tax for every wholesaler shall be equal to fifty percent of the applicable cigarette tax or tobacco products tax for each modified risk tobacco product sold, used, or possessed by a wholesaler; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 476, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 476, H.D. 3.

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


SYLVIA LUKE, Chair



Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 476, HD2	Committee Referral: HHH, CPC, FIN	Date: 2-25-2021		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)	✓			
2. CULLEN, Ty J.K. (VC)	✓			
3. BRANCO, Patrick Pihana	✓			
4. ELI, Stacelynn K.M.				✓
5. HOLT, Daniel	✓			
6. ILAGAN, Greggor	✓			
7. KOBAYASHI, Bertrand	✓			
8. MARTEN, Lisa	✓			
9. NISHIMOTO, Scott Y.	✓			
10. PERRUSO, Amy A.	✓			
11. SAYAMA, Jackson D.	✓			
12. TAM, Adrian K.	✓			
13. WILDBERGER, Tina	✓			
14. YAMASHITA, Kyle T.	✓			
15. McDERMOTT, Bob				✓
TOTAL (15)	13	Ø	Ø	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <i>[Signature]</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				