

---

# A BILL FOR AN ACT

RELATING TO THE CIGARETTE TAX AND TOBACCO TAX LAW.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 245-26, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~§245-26 Price; payment~~[; ~~deferred payment purchases~~].

4 (a) Stamps shall be sold at their denominated values, plus a  
5 stamp fee of 1.7 per cent of the denominated value of each stamp  
6 sold, composed of the aggregate of:

7 (1) .2 per cent of the denominated value of the stamp to  
8 pay for the cost to the State of providing the stamps,  
9 with that amount to be deposited to the credit of the  
10 department of taxation's cigarette tax stamp  
11 administrative special fund; and

12 (2) 1.5 per cent of the denominated value of the stamp to  
13 pay for the cost of enforcing the stamp tax, with that  
14 amount to be deposited to the credit of the department  
15 of the attorney general's tobacco enforcement special  
16 fund;



1 provided that the department by rule may modify the stamp fee to  
2 reflect actual costs incurred by the State in providing the  
3 stamps.

4 (b) Payment for stamps shall be made at the time of  
5 purchase[; ~~provided that a licensee may defer payments pursuant~~  
6 ~~to section 245-27.~~] in cash, by certified check, or by bank  
7 transfer."

8 SECTION 2. Section 245-27, Hawaii Revised Statutes, is  
9 repealed.

10 [~~"{§245-27} Maximum amount of deferred payment purchases;~~  
11 ~~bond.~~ (a) ~~A licensee may apply to the department to set the~~  
12 ~~maximum amount of deferred payment purchases of stamps that may~~  
13 ~~remain unpaid by the licensee during the time specified under~~  
14 ~~section 245-28. Upon receipt of the application and any bond~~  
15 ~~required pursuant to subsection (b), the department shall set~~  
16 ~~the amount for deferred payment purchases.~~

17 ~~(b) The department may require that a licensee who submits~~  
18 ~~an application for deferred payment purchases of stamps post a~~  
19 ~~bond in an amount of up to one hundred per cent of the maximum~~  
20 ~~amount of allowed deferred payment purchases as a condition of~~  
21 ~~department approval of the application."]~~



1 SECTION 3. Section 245-28, Hawaii Revised Statutes, is  
2 repealed.

3 ~~["§245-28 Time for payment of deferred-payment purchases;~~  
4 ~~manner of payment. Amounts owing for stamps purchased on the~~  
5 ~~deferred-payment basis in any calendar month shall be due and~~  
6 ~~payable on or before the twentieth day of the following calendar~~  
7 ~~month. Payment shall be made by a remittance payable to the~~  
8 ~~department."]~~

9 SECTION 4. Section 245-29, Hawaii Revised Statutes, is  
10 repealed.

11 ~~["§245-29 Suspension or reduction of privilege to~~  
12 ~~purchase on deferred-payment basis. The department may suspend,~~  
13 ~~without prior notice, the privilege to purchase stamps on the~~  
14 ~~deferred-payment basis or may reduce the amount of deferred-~~  
15 ~~payment purchases allowed the licensee if:~~

16 (1) ~~The licensee fails to promptly pay for stamps when~~  
17 ~~payment is due;~~

18 (2) ~~The bond or bonds required of the licensee are~~  
19 ~~anceled or become void, impaired, or unenforceable~~  
20 ~~for any reason; or~~



1       ~~(3) In the opinion of the department, collection of any~~  
2           ~~amounts unpaid or due from the licensee under this~~  
3           ~~chapter is jeopardized." ]~~

4           SECTION 5. Section 245-30, Hawaii Revised Statutes, is  
5       repealed.

6           ~~"[~~S245-30~~] ~~Penalty for failure to make timely payment.~~ A~~  
7       ~~licensee who fails to pay any amount owing for the purchase of~~  
8       ~~stamps within the time required shall pay a penalty of:~~

9           ~~(1) Ten per cent of the amount due in addition to the~~  
10           ~~amount due; and~~

11           ~~(2) Interest at the rate specified in section 231-39 from~~  
12           ~~the date on which the amount became due and payable~~  
13           ~~until the date of payment." ]~~

14           SECTION 6. Statutory material to be repealed is bracketed  
15       and stricken. New statutory material is underscored.

16           SECTION 7. This Act shall take effect on January 1, 2023.

17



# H.B. NO. 1491 H.D. 1

**Report Title:**

Cigarette Tax and Tobacco Tax Law; DOTAX; Cigarette Tax Stamps;  
Deferred Payment Purchases

**Description:**

Repeals the deferred payment purchase option for cigarette tax stamps. Requires licensees to pay for cigarette tax stamps at the time of purchase using cash, certified check, or bank transfer. Effective 1/1/2023. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

