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# A BILL FOR AN ACT

RELATING TO FUNDING FOR THE DEPARTMENT OF THE ATTORNEY GENERAL  
TOBACCO ENFORCEMENT UNIT.

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

1           SECTION 1. The legislature finds that the tobacco  
2 enforcement special fund supports the department of the attorney  
3 general's tobacco enforcement unit to administer, monitor, and  
4 enforce the tobacco master settlement agreement and related  
5 Hawaii laws, including chapters 486P and 675, Hawaii Revised  
6 Statutes. Section 28-15(c), Hawaii Revised Statutes, currently  
7 mandates that moneys in excess of \$500,000 remaining in the  
8 tobacco enforcement special fund at the close of each fiscal  
9 year lapse to the credit of the state general fund. Section  
10 245-26(a)(2), Hawaii Revised Statutes, transfers a percentage of  
11 the cigarette tax stamp fee into the tobacco enforcement special  
12 fund. Section 328L-2, Hawaii Revised Statutes, mandates that  
13 the first \$350,000 of the sum of the moneys from all tobacco  
14 settlement moneys and all interest and earnings accruing from  
15 the investment of moneys in the tobacco settlement special fund  
16 be deposited into the tobacco enforcement special fund.



1           The legislature further finds that amounts of the cigarette  
2 tax stamp revenues deposited into the tobacco enforcement  
3 special fund have noticeably dropped in recent years. This  
4 trend is expected to continue. To maintain the tobacco  
5 enforcement unit's diligent enforcement efforts and to minimize  
6 the risk of losing the master settlement agreement annual  
7 payments, it is critical that the unit receive adequate and  
8 continuous funding.

9           The purpose of this Act is to stabilize and increase  
10 funding for the tobacco enforcement unit within the department  
11 of the attorney general by amending:

- 12           (1) The amount of funds that the tobacco enforcement  
13               special fund can carry over at the end of the fiscal  
14               year;
- 15           (2) The cigarette tax stamp fee and the percentage of that  
16               fee allotted to the tobacco enforcement special fund;  
17               and
- 18           (3) The sum of moneys received from the tobacco settlement  
19               as set forth in sections 28-15(c), 245-26(a), and  
20               328L-2(a), Hawaii Revised Statutes.



1 SECTION 2. Section 28-15, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3 "(c) All unencumbered and unexpended moneys in excess of  
4 [~~\$500,000~~] \$ \_\_\_\_\_ remaining on balance in the tobacco  
5 enforcement special fund at the close of June 30 of each year  
6 shall lapse to the credit of the state general fund."

7 SECTION 3. Section 245-26, Hawaii Revised Statutes, is  
8 amended by amending subsection (a) to read as follows:

9 "(a) Stamps shall be sold at their denominated values,  
10 plus a stamp fee of [~~1.7~~] 2.2 per cent of the denominated value  
11 of each stamp sold, composed of the aggregate of:

12 (1) .2 per cent of the denominated value of the stamp to  
13 pay for the cost to the State of providing the stamps,  
14 with that amount to be deposited to the credit of the  
15 department of taxation's cigarette tax stamp  
16 administrative special fund; and

17 (2) [~~1.5~~] Two per cent of the denominated value of the  
18 stamp to pay for the cost of enforcing the stamp tax,  
19 with that amount to be deposited to the credit of the  
20 department of the attorney general's tobacco  
21 enforcement special 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 SECTION 4. Section 328L-2, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) There is established in the state treasury the Hawaii  
7 tobacco settlement special fund into which shall be deposited:

- 8 (1) All tobacco settlement moneys; and
- 9 (2) All interest and earnings accruing from the investment  
10 of moneys in the fund;

11 provided that of all tobacco settlement moneys received by the  
12 State each fiscal year, the sum representing the first  
13 [~~\$350,000~~] \$ \_\_\_\_\_ of those moneys shall first be deposited  
14 in the state treasury in each fiscal year to the credit of the  
15 tobacco enforcement special fund. The Hawaii tobacco settlement  
16 special fund shall be administered by the department."

17 SECTION 5. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 6. This Act shall take effect on June 30, 3000.



**Report Title:**

Cigarette Tax Stamp Fees; Tobacco Enforcement Special Fund;  
Hawaii Tobacco Settlement Special Fund

**Description:**

Amends the amount of funding for the tobacco enforcement special fund within the department of the attorney general by: amending the amount of funds that the tobacco enforcement special fund can carry over at the end of the fiscal year; increasing the cigarette tax stamp fee and concurrently increasing the percentage of the cigarette tax stamp fee deposited to the tobacco enforcement special fund; and amending the amount of funds to be deposited in the tobacco enforcement special fund from the Hawaii tobacco settlement special fund. Effective 6/30/3000. (HD1)

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

