

STAND. COM. REP. NO.

221

Honolulu, Hawaii

, 2023

**FEB 09**

RE: H.B. No. 537

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 537 entitled:

"A BILL FOR AN ACT RELATING TO ELECTRONIC SMOKING DEVICES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Subject electronic smoking devices and e-liquid products to an additional tax; and
- (2) Require wholesalers of electronic smoking devices to register with the Department of the Attorney General.

Your Committee received testimony in support of this measure from the Hawaii COPD Coalition, Hawaii Primary Care Association, Hawaii Health & Harm Reduction Center, Hawaii Association of Independent Schools, Hawaii Substance Abuse Coalition, Hawai'i Public Health Association, The Friends of Kamalani and Lydgate Park, Alexander Academy of Performing Arts, Americans for Democratic Action, Hawai'i Children's Action Network Speaks!, and thirteen individuals. Your Committee received testimony in opposition to this measure from VOLCANO Fine Electronic Cigarettes; R Street Institute; Hawaii Smokers Alliance; ABC Stores; HI Supply Smoke Shop; Vape Element, LLC; Consumer Advocates for Smoke-free Alternatives Association; Retail

2023-1208 HB537 HD1 HSCR HMSO



Merchants of Hawaii; and numerous individuals. Your Committee received comments on this measure from the Department of Taxation, Department of Health, Department of the Attorney General, Campaign for Tobacco-Free Kids, Tax Foundation of Hawaii, Reason Foundation, American Heart Association, Coalition for a Tobacco-Free Hawai'i, and Choke Smoke.

Your Committee finds that the use of electronic smoking devices by youth have swelled to epidemic levels. Your Committee further finds that the imposition of stringent taxes is an effective strategy to reduce the use of any goods. This measure will assist the State to reduce the usage rate of electronic smoking devices by young adults by raising the economic barrier for their use.

Your Committee has amended this measure by:

- (1) Inserting definitions for "entity", "persons", and "use" for clarity;
- (2) Changing the rate for the tax on electronic smoking devices and e-liquid to an unspecified rate;
- (3) Clarifying that retailers and wholesalers of e-liquid products are subject to the registration requirements that already exist for electronic smoking device retailers;
- (4) Deleting language that specified the application of the measure with respect to certain taxable years;
- (5) Changing the effective date to January 1, 3000, to encourage further discussion; and
- (6) 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 537, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 537, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



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



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MARK M. NAKASHIMA, Chair



