

STAND. COM. REP. NO.

681

Honolulu, Hawaii

FEB 17, 2023

RE: H.B. No. 537
H.D. 2

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

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 537, H.D. 1, 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 retailers and wholesalers of electronic smoking devices and e-liquid products to register with the Department of the Attorney General.

Your Committee received testimony in support of this measure from the Hawaii COPD Coalition, Hawai'i Public Health Institute, Campaign for Tobacco-Free Kids, Hawai'i Children's Action Network Speaks!, Hawaii Substance Abuse Coalition, Hawai'i Primary Care Association, Hawai'i Nurses' Association, Opportunity Youth Action Hawai'i, Hawaii Dental Association, Hawai'i Public Health Association, Coalition for a Tobacco-Free Hawaii's Youth Council, Papa Ola Lokahi, Student Health Advisory Council, Hawaii Health & Harm Reduction Center, and sixteen individuals. Your Committee received testimony in opposition to this measure from Retail Merchants of Hawaii, Americans for Tax Reform, Hawaii Smokers

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Alliance, and eleven individuals. Your Committee received comments on this measure from the Department of the Attorney General, Department of Taxation, Department of Health, Tax Foundation of Hawaii, and one individual.

Your Committee finds that the use of electronic smoking devices among youth and young adults in the State is a public health concern. Hawaii has the third highest electronic smoking device usage rate in the nation with one in three public high school students and more than one in six public middle school students reporting that they are regularly vaping. Establishing a stringent tax on electronic smoking devices and e-liquid products will disincentivize vaping, particularly among the youth and young adults in the State.

Your Committee further finds that the intent of this measure would be more effectively achieved by including electronic smoking devices and e-liquids under the definition of "tobacco products" for purposes of cigarette tax and tobacco tax law. This would combine the regulation of electronic smoking devices and e-liquids with the retail tobacco permitting process and wholesale licensing process under the Department of Taxation.

Accordingly, your Committee has amended this measure by deleting its contents and:

- (1) Including electronic smoking devices and e-liquids under the definition of "tobacco products" for purposes of cigarette tax and tobacco tax law; and
- (2) Repealing the Electronic Smoking Device Retailer Registration Unit under the Department of the Attorney General.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 537, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 537, H.D. 2.



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Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



DAVID A. TARNAS, Chair



State of Hawaii
House of Representatives
The Thirty-second Legislature

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Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 537, HD1	Committee Referral: CPC, JHA, FIN	Date: 2/14/2023		
<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)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. TARNAS, David A. (C)	✓			
2. TAKAYAMA, Gregg (VC)	✓			
3. GANADEN, Sonny				✓
4. HOLT, Daniel	✓			
5. HASHIMOTO, Troy N.	✓			
6. ICHIYAMA, Linda	✓			
7. ILAGAN, Greggor	✓			
8. KONG, Sam Satoru			✓	
9. MIZUNO, John M.	✓			
10. SOUZA, Kanani	✓			
TOTAL (10)	8	-	1	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 1.5em; font-family: cursive;">Greggor Ilagan</div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				