

Honolulu, Hawaii

MAR 23 2023

RE: H.B. No. 982
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Health and Human Services, to which was referred H.B. No. 982, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FUNDING FOR THE DEPARTMENT OF THE ATTORNEY GENERAL TOBACCO ENFORCEMENT UNIT,"

begs leave to report as follows:

The purpose and intent of this measure is to stabilize and increase funding for the Tobacco Enforcement Unit within the Department of the Attorney General by:

- (1) Amending the amount of funds that the Tobacco Enforcement Special Fund can carry over at the end of the fiscal year;
- (2) 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
- (3) Amending the amount of funds to be deposited in the Tobacco Enforcement Special Fund from the Hawaii Tobacco Settlement Special Fund.

Your Committee received testimony in support of this measure from the Department of Taxation, Department of Health, Department of the Attorney General, American Cancer Society Cancer Action



Network, Hawai'i Primary Care Association, and Hawai'i Public Health Institute. Your Committee received testimony in opposition to this measure from nine individuals. Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that the Tobacco Enforcement Special Fund supports efforts of the Tobacco Enforcement Unit of the Department of the Attorney General to administer, monitor, and enforce the Tobacco Master Settlement Agreement and related state laws, including Chapters 486P and 675, Hawaii Revised Statutes. Your Committee also finds that, pursuant to section 245-26(a)(2), Hawaii Revised Statutes, the Tobacco Enforcement Special Fund is partially funded by the cigarette tax stamp fee. However, the amounts of the cigarette tax stamp revenues deposited into the Tobacco Enforcement Special Fund have noticeably dropped in recent years. Your Committee further finds that, to maintain the Tobacco Enforcement Unit's diligent enforcement efforts and to minimize the risk of losing the Master Settlement Agreement annual payments as a result of future arbitrations, it is critical that the unit receive adequate and continuous funding.

Your Committee acknowledges that this measure, as originally drafted, increased the amount of funds that the Tobacco Enforcement Special Fund can carry over at the end of the fiscal year from \$500,000 to \$750,000 and the amount of funds to be deposited in the Tobacco Enforcement Special Fund from the Hawaii Tobacco Settlement Special Fund from \$350,000 to \$750,000. Your Committee further notes the request of the Department of the Attorney General that these amounts be reinserted into this measure.

Accordingly, your Committee has amended this measure by:


- (1) Reinserting \$750,000 as the amount of unencumbered and unexpended moneys in the Tobacco Enforcement Special Fund that can be carried over at the end of the fiscal year without lapsing to the credit of the general fund;
- (2) Reinserting \$750,000 as the amount of the tobacco settlement moneys received by the State each fiscal year that shall be deposited to the credit of the Tobacco Enforcement Special Fund;



- (3) Inserting an effective date of July 1, 2023; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health and Human Services that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 982, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 982, H.D. 1, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Health and Human
Services,



JOY A. SAN BUENAVENTURA, Chair



