
A BILL FOR AN ACT

RELATING TO CIGARETTE TAXES.

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

1 SECTION 1. Chapter 245, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§245- Cigarette floor inventory tax. Whenever any tax
5 rate imposed by this chapter on cigarettes is increased, a
6 cigarette floor inventory tax shall be imposed on the stock
7 inventory of cigarettes held by licensees from the effective
8 date of the Act establishing the rate increase until the
9 increased rate is to be assessed and levied. The cigarette
10 floor inventory tax shall be cents per cigarette and shall
11 be paid and reported on a form prescribed by the department by
12 December 1 of the year before the rate increase is scheduled to
13 take effect."

14 SECTION 2. Section 245-3, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:

16 "(a) Every wholesaler or dealer, in addition to any other
17 taxes provided by law, shall pay, for the privilege of



1 conducting business and other activities in the State, an excise
2 tax equal to:

3 (1) 5.00 cents for each cigarette sold, used, or possessed
4 by a wholesaler or dealer after June 30, 1998, whether
5 or not sold at wholesale, or if not sold, then at the
6 same rate upon the use by the wholesaler or dealer;

7 (2) 6.00 cents for each cigarette sold, used, or possessed
8 by a wholesaler or dealer after September 30, 2002,
9 whether or not sold at wholesale, or if not sold, then
10 at the same rate upon the use by the wholesaler or
11 dealer;

12 (3) 6.50 cents for each cigarette sold, used, or possessed
13 by a wholesaler or dealer after June 30, 2003, whether
14 or not sold at wholesale, or if not sold, then at the
15 same rate upon the use by the wholesaler or dealer;

16 (4) 7.00 cents for each cigarette sold, used, or possessed
17 by a wholesaler or dealer after June 30, 2004, whether
18 or not sold at wholesale, or if not sold, then at the
19 same rate upon the use by the wholesaler or dealer;

20 (5) 8.00 cents for each cigarette sold, used, or possessed
21 by a wholesaler or dealer on and after September 30,



1 2006, whether or not sold at wholesale, or if not
2 sold, then at the same rate upon the use by the
3 wholesaler or dealer;
4 (6) 9.00 cents for each cigarette sold, used, or possessed
5 by a wholesaler or dealer on and after September 30,
6 2007, whether or not sold at wholesale, or if not
7 sold, then at the same rate upon the use by the
8 wholesaler or dealer;
9 (7) 10.00 cents for each cigarette sold, used, or
10 possessed by a wholesaler or dealer on and after
11 September 30, 2008, whether or not sold at wholesale,
12 or if not sold, then at the same rate upon the use by
13 the wholesaler or dealer;
14 (8) 13.00 cents for each cigarette sold, used, or
15 possessed by a wholesaler or dealer on and after July
16 1, 2009, whether or not sold at wholesale, or if not
17 sold, then at the same rate upon the use by the
18 wholesaler or dealer;
19 (9) 11.00 cents for each little cigar sold, used, or
20 possessed by a wholesaler or dealer on and after
21 October 1, 2009, whether or not sold at wholesale, or



1 if not sold, then at the same rate upon the use by the
2 wholesaler or dealer;

3 (10) 15.00 cents for each cigarette or little cigar sold,
4 used, or possessed by a wholesaler or dealer on and
5 after July 1, 2010, whether or not sold at wholesale,
6 or if not sold, then at the same rate upon the use by
7 the wholesaler or dealer;

8 (11) 16.00 cents for each cigarette or little cigar sold,
9 used, or possessed by a wholesaler or dealer on and
10 after July 1, 2011, whether or not sold at wholesale,
11 or if not sold, then at the same rate upon the use by
12 the wholesaler or dealer;

13 (12) cents for each cigarette sold, used, or possessed
14 by a wholesaler or dealer on and after July 1, 2024,
15 whether or not sold at wholesale, or if not sold, then
16 at the same rate upon the use by the wholesaler or
17 dealer;

18 [~~+(12)+~~] (13) Seventy per cent of the wholesale price of each
19 article or item of tobacco products, other than large
20 cigars, electronic smoking devices, and e-liquids,
21 sold by the wholesaler or dealer on and after



1 September 30, 2009, whether or not sold at wholesale,
2 or if not sold, then at the same rate upon the use by
3 the wholesaler or dealer;

4 ~~[(13)]~~ (14) Fifty per cent of the wholesale price of each
5 large cigar of any length sold, used, or possessed by
6 a wholesaler or dealer on and after September 30,
7 2009, whether or not sold at wholesale, or if not
8 sold, then at the same rate upon the use by the
9 wholesaler or dealer; and

10 ~~[(14)]~~ (15) Seventy per cent of the wholesale price of each
11 electronic smoking device or e-liquid sold, used, or
12 possessed by a wholesaler or dealer on and after
13 January 1, 2024, whether or not sold at wholesale, or
14 if not sold, then at the same rate upon the use by the
15 wholesaler or dealer.

16 Where the tax imposed has been paid on cigarettes, little
17 cigars, or tobacco products that thereafter become the subject
18 of a casualty loss deduction allowable under chapter 235, the
19 tax paid shall be refunded or credited to the account of the
20 wholesaler or dealer. The tax shall be applied to cigarettes
21 through the use of stamps."



1 SECTION 3. Section 245-15, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§245-15 Disposition of revenues.** All moneys collected
4 pursuant to this chapter shall be paid into the state treasury
5 as state realizations to be kept and accounted for as provided
6 by law; provided that, of the moneys collected under the tax
7 imposed pursuant to:

8 (1) Section 245-3(a)(5), after September 30, 2006, and
9 prior to October 1, 2007, 1.0 cent per cigarette shall
10 be deposited to the credit of the Hawaii cancer
11 research special fund, established pursuant to section
12 304A-2168, for research and operating expenses and for
13 capital expenditures;

14 (2) Section 245-3(a)(6), after September 30, 2007, and
15 prior to October 1, 2008:

16 (A) 1.5 cents per cigarette shall be deposited to the
17 credit of the Hawaii cancer research special
18 fund, established pursuant to section 304A-2168,
19 for research and operating expenses and for
20 capital expenditures;



- 1 (B) 0.25 cents per cigarette shall be deposited to
2 the credit of the trauma system special fund
3 established pursuant to section 321-22.5; and
- 4 (C) 0.25 cents per cigarette shall be deposited to
5 the credit of the emergency medical services
6 special fund established pursuant to section 321-
7 234;
- 8 (3) Section 245-3(a) (7), after September 30, 2008, and
9 prior to July 1, 2009:
- 10 (A) 2.0 cents per cigarette shall be deposited to the
11 credit of the Hawaii cancer research special
12 fund, established pursuant to section 304A-2168,
13 for research and operating expenses and for
14 capital expenditures;
- 15 (B) 0.5 cents per cigarette shall be deposited to the
16 credit of the trauma system special fund
17 established pursuant to section 321-22.5;
- 18 (C) 0.25 cents per cigarette shall be deposited to
19 the credit of the community health centers
20 special fund established pursuant to section 321-
21 1.65; and



- 1 (D) 0.25 cents per cigarette shall be deposited to
2 the credit of the emergency medical services
3 special fund established pursuant to section 321-
4 234;
- 5 (4) Section 245-3(a)(8), after June 30, 2009, and prior to
6 July 1, 2013:
- 7 (A) 2.0 cents per cigarette shall be deposited to the
8 credit of the Hawaii cancer research special
9 fund, established pursuant to section 304A-2168,
10 for research and operating expenses and for
11 capital expenditures;
- 12 (B) 0.75 cents per cigarette shall be deposited to
13 the credit of the trauma system special fund
14 established pursuant to section 321-22.5;
- 15 (C) 0.75 cents per cigarette shall be deposited to
16 the credit of the community health centers
17 special fund established pursuant to section 321-
18 1.65; and
- 19 (D) 0.5 cents per cigarette shall be deposited to the
20 credit of the emergency medical services special
21 fund established pursuant to section 321-234;



1 (5) Section 245-3(a)(11), after June 30, 2013, and prior
2 to July 1, 2015:

3 (A) 2.0 cents per cigarette shall be deposited to the
4 credit of the Hawaii cancer research special
5 fund, established pursuant to section 304A-2168,
6 for research and operating expenses and for
7 capital expenditures;

8 (B) 1.5 cents per cigarette shall be deposited to the
9 credit of the trauma system special fund
10 established pursuant to section 321-22.5;

11 (C) 1.25 cents per cigarette shall be deposited to
12 the credit of the community health centers
13 special fund established pursuant to section 321-
14 1.65; and

15 (D) 1.25 cents per cigarette shall be deposited to
16 the credit of the emergency medical services
17 special fund established pursuant to section 321-
18 234; [~~and~~]

19 (6) Section 245-3(a)(11), after June 30, 2015, and
20 [~~thereafter:~~] before July 1, 2024:



- 1 (A) 2.0 cents per cigarette shall be deposited to the
2 credit of the Hawaii cancer research special
3 fund, established pursuant to section 304A-2168,
4 for research and operating expenses and for
5 capital expenditures;
- 6 (B) 1.125 cents per cigarette, but not more than
7 \$7,400,000 in a fiscal year, shall be deposited
8 to the credit of the trauma system special fund
9 established pursuant to section 321-22.5;
- 10 (C) 1.25 cents per cigarette, but not more than
11 \$8,800,000 in a fiscal year, shall be deposited
12 to the credit of the community health centers
13 special fund established pursuant to section 321-
14 1.65; and
- 15 (D) 1.25 cents per cigarette, but not more than
16 \$8,800,000 in a fiscal year, shall be deposited
17 to the credit of the emergency medical services
18 special fund established pursuant to section 321-
19 234[-]; and
- 20 (7) Section 245-3(a)(12), after June 30, 2024, and
21 thereafter:



1 (A) cents per cigarette shall be deposited to
2 the credit of the Hawaii cancer research special
3 fund, established pursuant to section 304A-2168,
4 for research and operating expenses and for
5 capital expenditures;

6 (B) cents per cigarette, but not more than
7 \$ in a fiscal year, shall be deposited
8 to the credit of the trauma system special fund
9 established pursuant to section 321-22.5;

10 (C) cents per cigarette, but not more than
11 \$ in a fiscal year, shall be deposited
12 to the credit of the community health centers
13 special fund established pursuant to section 321-
14 1.65; and

15 (D) cents per cigarette, but not more than
16 \$ in a fiscal year, shall be deposited
17 to the credit of the emergency medical services
18 special fund established pursuant to section 321-
19 234.

20 The department shall provide an annual accounting of these
21 dispositions to the legislature."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

Cigarette Floor Inventory Tax; Cigarette Tax; Cancer Research
Special Fund

Description:

Establishes a cigarette floor inventory tax on the stock
inventory of cigarettes held by licensees before any increase in
cigarette and tobacco tax laws is to be assessed and levied.
Amends the cigarette tax rate and specifies the disposition of
revenues collected at the amended rate. Effective 7/1/3000.
(HD2)

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not legislation or evidence of legislative intent.*

