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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 tobacco enforcement unit  
3 within the department of the attorney general to administer,  
4 monitor, and enforce the 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 of  
13 all tobacco settlement moneys received by the State in each  
14 fiscal year, the first \$350,000 be deposited in the state  
15 treasury to the credit of the tobacco enforcement special fund.



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

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

- 11           (1) The amount of funds that the tobacco enforcement  
12 special fund can carry over at the end of each fiscal  
13 year;
- 14           (2) The cigarette tax stamp fee and the percentage of that  
15 fee allotted to the tobacco enforcement special fund;  
16 and
- 17           (3) The sum of moneys received from the tobacco settlement  
18 that are deposited to the credit of the tobacco  
19 enforcement special fund.

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



1           "(c) All unencumbered and unexpended moneys in excess of  
2 [~~\$500,000~~] \$750,000 remaining on balance in the tobacco  
3 enforcement special fund at the close of June 30 of each year  
4 shall lapse to the credit of the state general fund."

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

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

10           (1) .2 per cent of the denominated value of the stamp to  
11 pay for the cost to the State of providing the stamps,  
12 with that amount to be deposited to the credit of the  
13 department of taxation's cigarette tax stamp  
14 administrative special fund; and

15           (2) [~~1.5~~] Two per cent of the denominated value of the  
16 stamp to pay for the cost of enforcing the stamp tax,  
17 with that amount to be deposited to the credit of the  
18 department of the attorney general's tobacco  
19 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~~] \$750,000 of those moneys shall first be deposited in  
14 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 July 1, 2050.



**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 administered by 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 to the credit of the tobacco enforcement special fund from the Hawaii tobacco settlement special fund. Effective 7/1/2050. (SD2)

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