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# A BILL FOR AN ACT

RELATING TO CIGARETTE TAXES.

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

1           SECTION 1. Section 245-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3           "(a) Every wholesaler or dealer, in addition to any other  
4 taxes provided by law, shall pay, for the privilege of  
5 conducting business and other activities in the State, an excise  
6 tax equal to:

7           (1) 5.00 cents for each cigarette sold, used, or possessed  
8 by a wholesaler or dealer after June 30, 1998, whether  
9 or not sold at wholesale, or if not sold, then at the  
10 same rate upon the use by the wholesaler or dealer;

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

16           (3) 6.50 cents for each cigarette sold, used, or possessed  
17 by a wholesaler or dealer after June 30, 2003, whether



- 1 or not sold at wholesale, or if not sold, then at the  
2 same rate upon the use by the wholesaler or dealer;
- 3 (4) 7.00 cents for each cigarette sold, used, or possessed  
4 by a wholesaler or dealer after June 30, 2004, 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 (5) 8.00 cents for each cigarette sold, used, or possessed  
8 by a wholesaler or dealer on and after September 30,  
9 2006, whether or not sold at wholesale, or if not  
10 sold, then at the same rate upon the use by the  
11 wholesaler or dealer;
- 12 (6) 9.00 cents for each cigarette sold, used, or possessed  
13 by a wholesaler or dealer on and after September 30,  
14 2007, whether or not sold at wholesale, or if not  
15 sold, then at the same rate upon the use by the  
16 wholesaler or dealer;
- 17 (7) 10.00 cents for each cigarette sold, used, or  
18 possessed by a wholesaler or dealer on and after  
19 September 30, 2008, whether or not sold at wholesale,  
20 or if not sold, then at the same rate upon the use by  
21 the wholesaler or dealer;



- 1           (8) 13.00 cents for each cigarette sold, used, or  
2                    possessed by a wholesaler or dealer on and after  
3                    July 1, 2009, whether or not sold at wholesale, or if  
4                    not sold, then at the same rate upon the use by the  
5                    wholesaler or dealer;
- 6           (9) 11.00 cents for each little cigar sold, used, or  
7                    possessed by a wholesaler or dealer on and after  
8                    October 1, 2009, whether or not sold at wholesale, or  
9                    if not sold, then at the same rate upon the use by the  
10                  wholesaler or dealer;
- 11          (10) 15.00 cents for each cigarette or little cigar sold,  
12                    used, or possessed by a wholesaler or dealer on and  
13                    after July 1, 2010, whether or not sold at wholesale,  
14                    or if not sold, then at the same rate upon the use by  
15                    the wholesaler or dealer;
- 16          (11) 16.00 cents for each cigarette or little cigar sold,  
17                    used, or possessed by a wholesaler or dealer on and  
18                    after July 1, 2011, whether or not sold at wholesale,  
19                    or if not sold, then at the same rate upon the use by  
20                    the wholesaler or dealer;



1        (12) 16.00 cents for each cigarette, electronic smoking  
2        device, and e-liquid sold, used, or possessed by a  
3        wholesaler or dealer on and after July 1, 2024,  
4        whether or not sold at wholesale, or if not sold, then  
5        at the same rate upon the use by the wholesaler or  
6        dealer;

7        [~~(12)~~] (13) Seventy per cent of the wholesale price of each  
8        article or item of tobacco products, other than large  
9        cigars, electronic smoking devices, and e-liquids,  
10       sold by the wholesaler or dealer on and after  
11       September 30, 2009, 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       [~~(13)~~] (14) Fifty per cent of the wholesale price of each  
15       large cigar of any length sold, used, or possessed by  
16       a wholesaler or dealer on and after September 30,  
17       2009, whether or not sold at wholesale, or if not  
18       sold, then at the same rate upon the use by the  
19       wholesaler or dealer; and

20       [~~(14)~~] (15) Seventy per cent of the wholesale price of each  
21       electronic smoking device or e-liquid sold, used, or



1            possessed by a wholesaler or dealer on and after  
2            January 1, 2024, whether or not sold at wholesale, or  
3            if not sold, then at the same rate upon the use by the  
4            wholesaler or dealer.

5    Where the tax imposed has been paid on cigarettes, little  
6    cigars, or tobacco products that thereafter become the subject  
7    of a casualty loss deduction allowable under chapter 235, the  
8    tax paid shall be refunded or credited to the account of the  
9    wholesaler or dealer. The tax shall be applied to cigarettes  
10   through the use of stamps."

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

13            "**§245-15 Disposition of revenues.** All moneys collected  
14   pursuant to this chapter shall be paid into the state treasury  
15   as state realizations to be kept and accounted for as provided  
16   by law; provided that, of the moneys collected under the tax  
17   imposed pursuant to:

- 18            (1) Section 245-3(a)(5), after September 30, 2006, and  
19            prior to October 1, 2007, 1.0 cent per cigarette shall  
20            be deposited to the credit of the Hawaii cancer  
21            research special fund, established pursuant to section



1           304A-2168, for research and operating expenses and for  
2           capital expenditures;

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

5           (A) 1.5 cents per cigarette shall be deposited to the  
6           credit of the Hawaii cancer research special  
7           fund, established pursuant to section 304A-2168,  
8           for research and operating expenses and for  
9           capital expenditures;

10          (B) 0.25 cents per cigarette shall be deposited to  
11          the credit of the trauma system special fund  
12          established pursuant to section 321-22.5; and

13          (C) 0.25 cents per cigarette shall be deposited to  
14          the credit of the emergency medical services  
15          special fund established pursuant to section  
16          321-234;

17          (3) Section 245-3(a)(7), after September 30, 2008, and  
18          prior to July 1, 2009:

19          (A) 2.0 cents per cigarette shall be deposited to the  
20          credit of the Hawaii cancer research special  
21          fund, established pursuant to section 304A-2168,



1                   for research and operating expenses and for  
2                   capital expenditures;

3           (B) 0.5 cents per cigarette shall be deposited to the  
4                   credit of the trauma system special fund  
5                   established pursuant to section 321-22.5;

6           (C) 0.25 cents per cigarette shall be deposited to  
7                   the credit of the community health centers  
8                   special fund established pursuant to section  
9                   321-1.65; and

10          (D) 0.25 cents per cigarette shall be deposited to  
11                   the credit of the emergency medical services  
12                   special fund established pursuant to section  
13                   321-234;

14          (4) Section 245-3(a)(8), after June 30, 2009, and prior to  
15                   July 1, 2013:

16           (A) 2.0 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) 0.75 cents per cigarette shall be deposited to  
2 the credit of the trauma system special fund  
3 established pursuant to section 321-22.5;

4 (C) 0.75 cents per cigarette shall be deposited to  
5 the credit of the community health centers  
6 special fund established pursuant to section  
7 321-1.65; and

8 (D) 0.5 cents per cigarette shall be deposited to the  
9 credit of the emergency medical services special  
10 fund established pursuant to section 321-234;

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

13 (A) 2.0 cents per cigarette shall be deposited to the  
14 credit of the Hawaii cancer research special  
15 fund, established pursuant to section 304A-2168,  
16 for research and operating expenses and for  
17 capital expenditures;

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





1 (C) 1.25 cents per cigarette shall be deposited to  
2 the credit of the community health centers  
3 special fund established pursuant to section  
4 321-1.65; and

5 (D) 1.25 cents per cigarette shall be deposited to  
6 the credit of the emergency medical services  
7 special fund established pursuant to section  
8 321-234; [~~and~~]

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

11 (A) 2.0 cents per cigarette shall be deposited to the  
12 credit of the Hawaii cancer research special  
13 fund, established pursuant to section 304A-2168,  
14 for research and operating expenses and for  
15 capital expenditures;

16 (B) 1.125 cents per cigarette, but not more than  
17 \$7,400,000 in a fiscal year, shall be deposited  
18 to the credit of the trauma system special fund  
19 established pursuant to section 321-22.5;

20 (C) 1.25 cents per cigarette, but not more than  
21 \$8,800,000 in a fiscal year, shall be deposited



1 to the credit of the community health centers  
2 special fund established pursuant to section  
3 321-1.65; and

4 (D) 1.25 cents per cigarette, but not more than  
5 \$8,800,000 in a fiscal year, shall be deposited  
6 to the credit of the emergency medical services  
7 special fund established pursuant to section  
8 321-234[-]; and

9 (7) Section 245-3(a)(12), after June 30, 2024, and  
10 thereafter:

11 (A) 2.0 cents per cigarette, electronic smoking  
12 device, and e-liquid shall be deposited to the  
13 credit of the Hawaii cancer research special  
14 fund, established pursuant to section 304A-2168,  
15 for operating expenses and capital expenditures;  
16 provided that the moneys deposited shall not be  
17 used for early clinical trials; and

18 (B) 1.125 cents per cigarette, electronic smoking  
19 device, and e-liquid, but not more than  
20 \$7,400,000 in a fiscal year, shall be deposited



1                   to the credit of the trauma system special fund  
2                   established pursuant to section 321-22.5;

3           (C) 1.25 cents per cigarette, electronic smoking  
4           device, and e-liquid, but not more than  
5           \$8,800,000 in a fiscal year, shall be deposited  
6           to the credit of the community health centers  
7           special fund established pursuant to section  
8           321-1.65;

9           (D) 1.25 cents per cigarette, electronic smoking  
10           device, and e-liquid, but not more than  
11           \$8,800,000 in a fiscal year, shall be deposited  
12           to the credit of the emergency medical services  
13           special fund established pursuant to section  
14           321-234; and

15           (E) 1.0 cents per cigarette, electronic smoking  
16           device, and e-liquid, but not more than \$500,000  
17           in a fiscal year, shall be deposited to the  
18           credit of the tobacco enforcement special fund  
19           established pursuant to section 28-15.

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



1 SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on December 31,  
4 2050.



**Report Title:**

Cigarette Tax; Cigarettes; Electronic Smoking Devices; E-liquid;  
Tobacco Enforcement Special Fund; Hawaii Cancer Research Special  
Fund

**Description:**

Beginning 7/1/2024, expands the cigarette tax levied upon a wholesaler or dealer under section 245-3, HRS, to electronic smoking devices and e-liquids. Requires 1.0 cent per cigarette, electronic smoking device, and e-liquid, but not more than \$500,000 per fiscal year, to be deposited into the credit of the Tobacco Enforcement Special Fund. Clarifies that tax revenues deposited into the Hawaii Cancer Research Special Fund shall not be used for early clinical trials. Effective 12/31/2050. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

