

Honolulu, Hawaii

FEB 16 , 2024

RE: H.B. No. 2341
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Health & Homelessness, to which was referred H.B. No. 2341 entitled:

"A BILL FOR AN ACT RELATING TO FUNDING FOR THE TOBACCO ENFORCEMENT SPECIAL FUND,"

begs leave to report as follows:

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

- (1) The ceiling for the Tobacco Enforcement Special Fund from \$500,000 to \$750,000;
- (2) The cigarette tax stamp fee and the percentage of the cigarette tax stamp fee deposited to the Tobacco Enforcement Special Fund; and
- (3) The amount to be deposited to the credit of the Tobacco Enforcement Special Fund from tobacco settlement monies.

Your Committee received testimony in support of this measure from the Department of Health; Department of the Attorney General; Hawai'i Public Health Institute; and American Cancer Society Cancer Action Network. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.



Your Committee finds that although the Tobacco Enforcement Unit within the Department of the Attorney General receives funding from the Tobacco Master Settlement Agreement, the majority of the unit's funding comes from cigarette tax stamp collections. However, since 2016, cigarette tax stamp revenues have drastically decreased, going from over \$116,000,000 in fiscal year 2015-2016 to less than \$77,000,000 in fiscal year 2022-2023. The cigarette stamp revenue that has been deposited into the Tobacco Enforcement Special Fund over this time period has similarly dropped, going from \$1,740,000 in fiscal year 2015-2016 to less than \$1,140,000 in fiscal year 2022-2023. This measure increases allocations to the Tobacco Enforcement Special Fund to ensure the Tobacco Enforcement Unit maintains adequate funding to carry out the administration, monitoring, and enforcement of the Tobacco Master Settlement Agreement and related state laws.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health & Homelessness that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2341, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2341, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Health &
Homelessness,

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DELLA AU BELATTI, Chair



