

STAND. COM. REP. NO. **67**

Honolulu, Hawaii

FEB 04, 2025

RE: H.B. No. 1085
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Health, to which was referred H.B. No. 1085
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Increase the tax rates for cigarettes and little cigars,
beginning January 1, 2026;
- (2) Amend the disposition of tax revenues to certain non-
general funds, beginning July 1, 2025; and
- (3) Expand the disposition of tax revenues to the non-
general funds to include all tobacco product taxes.

Your Committee received testimony in support of this measure
from the Department of Health; Department of the Attorney General;
University of Hawai'i Cancer Center; Hawaii Substance Abuse
Coalition; Keiki Injury Prevention Coalition; Hina Mauka; Hawai'i
Pacific Health; Hawaii COPD Coalition; Hawai'i Primary Care
Association; American Cancer Society Cancer Action Network;
Healthcare Association of Hawaii; Hawai'i Children's Action Network
Speaks!; The Queen's Health Systems; Coalition for a Tobacco-Free
Hawai'i; Hawaii Medical Association; and numerous individuals.

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Your Committee received testimony in opposition to this measure from the Cigar Association of America; Americans for Tax Reform; Hawaii Smokers Alliance; and three individuals. Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and Tax Foundation.

Your Committee finds that according to the United States Surgeon General, increasing the price of tobacco products is the single most effective way to reduce consumption. A ten percent increase in price is estimated to reduce overall cigarette consumption by up to five percent. Your Committee additionally finds that since its inception, cigarette tax revenue has been used to support vital health care services in the State, including cancer research and prevention, the State Trauma System, community health centers, and emergency medical services. However, in recent years cigarette tax revenue has declined, severely impacting the funding for these services. Your Committee further finds that these services only receive cigarette tax revenues, but do not see revenues from taxes on products such as e-cigarettes, e-liquids, cigars, and other tobacco products. This measure will increase the tax on cigarettes and expand the allocation of revenues to the special funds that support these important health care services to include all tobacco products, ensuring these services remain adequately funded.

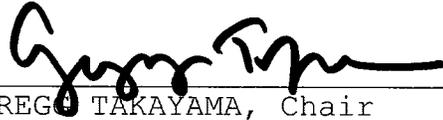
Your Committee has amended this measure by:

- (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 that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1085, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1085, H.D. 1, and be referred to your Committee on Higher Education.



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



GREG TAKAYAMA, Chair



