

STAND. COM. REP. NO.

471

Honolulu, Hawaii

FEB 12 , 2025

RE: H.B. No. 1085  
H.D. 2

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

Madame:

Your Committee on Higher Education, to which was referred  
H.B. No. 1085, H.D. 1, 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 special  
funds, beginning July 1, 2025; and
- (3) Expand the disposition of tax revenues to the various  
special funds to include all revenues collected from all  
tobacco product taxes.

Your Committee received testimony in support of this measure  
from the Department of the Attorney General; Department of Health;  
University of Hawaii Cancer Center; State Health Planning and  
Development Agency; Healthcare Association of Hawaii; Hawaii  
Substance Abuse Coalition; Hawaii Medical Association; Hawai'i  
Pacific Health; Hawaii COPD Coalition; The Queen's Health Systems;  
Coalition for a Tobacco-Free Hawai'i; American Cancer Society  
Cancer Action Network; Hawai'i Health & Harm Reduction Center;

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American Lung Association; and numerous individuals. Your Committee received testimony in opposition to this measure from Japan Tobacco International U.S.A., Inc.; Hawaii Smokers Alliance; Cigar Association of America; Americans for Tax Reform; 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 cigarette tax revenue has progressively declined since its inception, which has affected funding for many critical health care services and programs of the State, including funding for the University of Hawaii Cancer Center. Your Committee further finds that increasing the tax on cigarettes and expanding the allocation of revenues to the special funds that support these important health care services and programs to include tax collected from all tobacco products will ensure that these services and programs are sufficiently funded.

Your Committee has amended this measure by changing the tax rate for cigarettes and little cigars, as well as the disposition amounts of the tobacco product tax revenue, to unspecified amounts.

Your Committee respectfully requests your Committee on Finance, should it deliberate on this measure, to consider:

- (1) Establishing a tax rate of 21.00 cents for each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer on and after January 1, 2026; and
- (2) Beginning July 1, 2025, depositing the following amounts from the tobacco product tax revenue into the appropriate special funds:
  - (A) Twenty-five percent or \$14,080,000, whichever is less, to be deposited to the credit of the Hawaii Cancer Research Special Fund;
  - (B) Twenty-five percent or \$7,400,000, whichever is less, to be deposited to the credit of the Trauma System Special Fund;



- (C) Twenty-five percent or \$8,800,000, whichever is less, to be deposited to the credit of the Community Health Centers Special Fund; and
- (D) Twenty-five percent or \$8,800,000, whichever is less, to be deposited to the credit of the Emergency Medical Services Special Fund.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1085, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 1085, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education,



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ANDREW TA'UYA GARRETT, Chair



