

STAND. COM. REP. NO.

470

Honolulu, Hawaii

FEB 12 , 2025

RE: H.B. No. 441
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. 441, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CIGARETTE TAXES,"

begs leave to report as follows:

The purpose of this measure is to increase the cigarette tax beginning July 1, 2025, and allocate the increase in the cigarette tax amount to be deposited into the Hawaii Cancer Research Special Fund.

Your Committee received testimony in support of this measure from the Department of the Attorney General; Department of Health; University of Hawaii Cancer Center; Hawaii Substance Abuse Coalition; Hina Mauka; Hawaii Medical Association; Hawai'i Pacific Health; Waianae Coast Comprehensive Health Center; Campaign for Tobacco-Free Kids; The Queen's Health Systems; Coalition for a Tobacco-Free Hawai'i; American Cancer Society Cancer Action Network; Hawai'i Health & Harm Reduction Center; American Lung Association; Kobayashi Group; and numerous individuals. Your Committee received testimony in opposition to this measure from Japan Tobacco International U.S.A., Inc.; Hawaii Smokers Alliance; Marukin Market; BMA Mart; Cigar Association of America; Wawa Market; Kilani Market; and seven individuals. Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and Tax Foundation.

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Your Committee finds that funding from the cigarette tax has been instrumental since the Hawaii Cancer Research Special Fund's inception in 2006, enabling the construction of the University of Hawaii Cancer Center building and the launching of strategic initiatives to combat cancer. However, due to the success of smoking cessation efforts, this allocation has declined, indicating both progress in public health and a concerning decrease in resources for the initiatives that have fueled this advancement. Your Committee believes that an increase in the cigarette tax will restore funding for the University of Hawaii Cancer Center and expand its capacity to conduct groundbreaking research and deliver patient care to save more lives across the State.

Your Committee has amended this measure by:

- (1) Changing the cigarette tax amount and dispositions of the cigarette tax revenue to unspecified amounts; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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

- (1) Establishing a tax rate of 18.00 cents for each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer on and after July 1, 2025; and
- (2) After June 30, 2025, depositing the following amounts from the cigarette tax revenue into the appropriate special funds:
 - (A) 4.0 cents per cigarette to be deposited to the credit of the Hawaii Cancer Research Special Fund;
 - (B) 1.125 cents per cigarette, but no more than \$7,400,000 in a fiscal year, to be deposited to the credit of the Trauma System Special Fund;
 - (C) 1.25 cents per cigarette, but no more than \$8,800,000 in a fiscal year, to be deposited to the



credit of the Community Health Centers Special Fund; and

- (D) 1.25 cents per cigarette, but no more than \$8,800,000 in a fiscal year, 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. 441, 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. 441, H.D. 2.

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



ANDREW T. UYA GARRETT, Chair



