Honolulu, Hawaii

APR 0 4 2025

RE: H.B. No. 441
        H.D. 2
        S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

    Your Committee on Ways and Means, to which was referred H.B.
No. 441, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

    The purpose and intent of this measure is to amend statutory
provisions relating to taxes on tobacco products.

    More specifically, this measure:

    (1) Increases the tax on each cigarette or little cigar that
         is sold, used, or possessed by a wholesaler or dealer;
         and

    (2) Allocates the increase in tax revenues for debt
         reduction for the Cancer Research Center of Hawaii.

    Your Committee received written comments in support of this
measure from the Department of the Attorney General, Department of
Health, State Health Planning and Development Agency, University
of Hawaii System, Coalition for a Tobacco-Free Hawaii Youth
Council, Hawaii COPD Coalition, Hawaii Medical Association, Hawaii
Pacific Health, Hawaii Public Health Institute, Hawaii Substance
Abuse Coalition, The Queen's Health Systems, and twelve
individuals.

Your Committee received written comments in opposition to this measure from the Cigar Association of America and Retail Merchants of Hawaii.

Your Committee received written comments on this measure from the Department of Taxation and American Cancer Society Cancer Action Network.

Your Committee finds that a portion of the cigarette tax revenues currently allocated to the Hawaii cancer research special fund is specifically pledged towards revenue bonds sold to construct the Cancer Research Center of Hawaii in 2010, conduct cancer research, and fund the Center's operations. Your Committee also finds that plummeting cigarette tax revenues have jeopardized the revenue stream for debt service for the revenue bonds and diminishes the availability of resources for the Cancer Research Center of Hawaii to deliver cutting-edge cancer treatments to the State's cancer patients.

Your Committee has amended this measure by:

(1) Specifying that the increased tax revenues be deposited into the Hawaii cancer research special fund; and

(2) Requiring that, until June 30, 2041, all cigarette tax revenues allocated to the Hawaii cancer research special fund be used exclusively for debt service of capital expenditures and building maintenance.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 441, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 441, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

DONOVAN M. DELA CRUZ, Chair

The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:
HB441 HD2 SD1	HHS/HRE, WAM	3/31/2025

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended 2312   ☒ Pass, with amendments 2311   ☐ Hold 2310   ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0

Recommendation:

☒ Adopted   ☐ Not Adopted

Chair's or Designee's Signature:

*Only <u>one</u> measure per Record of Votes