

STAND. COM. REP. NO.

615

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 1528
S.D. 1

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

Sir:

Your Committees on Health and Human Services and Higher Education, to which was referred S.B. No. 1528 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to, beginning July 1, 2025:

- (1) Increase the cigarette tax from sixteen cents to eighteen cents; and
- (2) Amend the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Research Special Fund.

Your Committees received testimony in support of this measure from the Department of Health, Department of the Attorney General, University of Hawai'i Cancer Center, American Cancer Society Cancer Action Network, Hawai'i Public Health Institute, Hawaii Substance Abuse Coalition, Hawai'i Pacific Health, The Queen's Health Systems, Hawaii COPD Coalition, Campaign for Tobacco-Free Kids, Hawaii Medical Association, and twenty-seven individuals.

Your Committees received testimony in opposition to this measure from the Retail Merchants of Hawaii, Cigar Association of America, Marukin Market, Discount Smoke Shop Hawaii, Bionic



Petroleum, China Town Liquors, Wawa Market, Hawaii Smokers Alliance, No. 1 Store, R & K Liquor, Cigarettes & Things, and two individuals.

Your Committees received comments on this measure from the Department of Taxation, Tax Foundation, and Tax Foundation of Hawaii.

Your Committees find that since the inception of the cigarette tax in the State, cigarette tax revenue has funded vital health care services in the State, including cancer research and prevention, the State's trauma system, community health centers, and emergency medical services. Your Committees further find that due to successful public education, strong anti-smoking policies, and increased costs of cigarettes, the decline in smoking rates is a public health victory. However, paradoxically, this decline in smoking has resulted in a decrease of over fifty percent in cigarette tax revenues to the Hawaii Cancer Research Special Fund, diminishing the availability of resources for the Cancer Research Center of Hawaii to deliver cutting-edge cancer treatments to the State's cancer patients. This measure ensures the continued availability of resources for the Cancer Research Center of Hawaii's research and operations.

Your Committees have amended this measure by:

- (1) Extending the implementation date of the increase in cigarette tax and the changes to the disposition of cigarette tax revenues from July 1, 2025, to January 1, 2026; and
- (2) Inserting an effective date of December 31, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1528, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1528, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Health and Human
Services and Higher Education,



DONNA MERCADO KIM, Chair



JOY A. SAN BUENAVENTURA, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:* SB 1528	Committee Referral: HHS/HRE, WAM	Date: 2/12/2025		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	✓			
KIDANI, Michelle N. (VC)	✓			
FUKUNAGA, Carol				✓
HASHIMOTO, Troy N.	✓			
FEVELLA, Kurt	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center;"><i>Michelle N. Kidani</i></div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes