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# A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Section 245-3, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3       "(a) Every wholesaler or dealer, in addition to any other  
4 taxes provided by law, shall pay, for the privilege of  
5 conducting business and other activities in the State, an excise  
6 tax equal to:

7       ~~[(1) 5.00 cents for each cigarette sold, used, or possessed~~  
8       ~~by a wholesaler or dealer after June 30, 1998, whether~~  
9       ~~or not sold at wholesale, or if not sold, then at the~~  
10       ~~same rate upon the use by the wholesaler or dealer;~~

11       ~~(2) 6.00 cents for each cigarette sold, used, or possessed~~  
12       ~~by a wholesaler or dealer after September 30, 2002,~~  
13       ~~whether or not sold at wholesale, or if not sold, then~~  
14       ~~at the same rate upon the use by the wholesaler or~~  
15       ~~dealer;~~

16       ~~(3) 6.50 cents for each cigarette sold, used, or possessed~~  
17       ~~by a wholesaler or dealer after June 30, 2003, whether~~



1           ~~or not sold at wholesale, or if not sold, then at the~~  
2           ~~same rate upon the use by the wholesaler or dealer;~~  
3       ~~(4) 7.00 cents for each cigarette sold, used, or possessed~~  
4           ~~by a wholesaler or dealer after June 30, 2004, whether~~  
5           ~~or not sold at wholesale, or if not sold, then at the~~  
6           ~~same rate upon the use by the wholesaler or dealer;~~  
7       ~~(5) 8.00 cents for each cigarette sold, used, or possessed~~  
8           ~~by a wholesaler or dealer on and after September 30,~~  
9           ~~2006, whether or not sold at wholesale, or if not~~  
10          ~~sold, then at the same rate upon the use by the~~  
11          ~~wholesaler or dealer;~~  
12       ~~(6) 9.00 cents for each cigarette sold, used, or possessed~~  
13          ~~by a wholesaler or dealer on and after September 30,~~  
14          ~~2007, whether or not sold at wholesale, or if not~~  
15          ~~sold, then at the same rate upon the use by the~~  
16          ~~wholesaler or dealer;~~  
17       ~~(7) 10.00 cents for each cigarette sold, used, or~~  
18          ~~possessed by a wholesaler or dealer on and after~~  
19          ~~September 30, 2008, whether or not sold at wholesale,~~  
20          ~~or if not sold, then at the same rate upon the use by~~  
21          ~~the wholesaler or dealer;~~



~~(8) 13.00 cents for each cigarette sold, used, or  
possessed by a wholesaler or dealer on and after July  
1, 2009, whether or not sold at wholesale, or if not  
sold, then at the same rate upon the use by the  
wholesaler or dealer;~~

~~(9) 11.00 cents for each little cigar sold, used, or  
possessed by a wholesaler or dealer on and after  
October 1, 2009, whether or not sold at wholesale, or  
if not sold, then at the same rate upon the use by the  
wholesaler or dealer;~~

~~(10) 15.00 cents for each cigarette or little cigar sold,  
used, or possessed by a wholesaler or dealer on and  
after July 1, 2010, whether or not sold at wholesale,  
or if not sold, then at the same rate upon the use by  
the wholesaler or dealer;~~

~~(11)]~~ (1) 16.00 cents for each cigarette or little cigar  
sold, used, or possessed by a wholesaler or dealer on  
and after July 1, 2011, whether or not sold at  
wholesale, or if not sold, then at the same rate upon  
the use by the wholesaler or dealer;



1        (2)        cents for each cigarette or little cigar sold,  
2        used, or possessed by a wholesaler or dealer on and  
3        after January 1, 2026, whether or not sold at  
4        wholesale, or if not sold, then at the same rate upon  
5        the use by the wholesaler or dealer;

6        [~~(12)~~] (3)        Seventy per cent of the wholesale price of each  
7        article or item of tobacco products, other than large  
8        cigars, electronic smoking devices, and e-liquids,  
9        sold by the wholesaler or dealer on and after  
10       September 30, 2009, whether or not sold at wholesale,  
11       or if not sold, then at the same rate upon the use by  
12       the wholesaler or dealer;

13       [~~(13)~~] (4)        Fifty per cent of the wholesale price of each  
14       large cigar of any length sold, used, or possessed by  
15       a wholesaler or dealer on and after September 30,  
16       2009, whether or not sold at wholesale, or if not  
17       sold, then at the same rate upon the use by the  
18       wholesaler or dealer; and

19       [~~(14)~~] (5)        Seventy per cent of the wholesale price of each  
20       electronic smoking device or e-liquid sold, used, or  
21       possessed by a wholesaler or dealer on and after



1           January 1, 2024, whether or not sold at wholesale, or  
2           if not sold, then at the same rate upon the use by the  
3           wholesaler or dealer.

4   Where the tax imposed has been paid on cigarettes, little  
5   cigars, or tobacco products that thereafter become the subject  
6   of a casualty loss deduction allowable under chapter 235, the  
7   tax paid shall be refunded or credited to the account of the  
8   wholesaler or dealer. The tax shall be applied to cigarettes  
9   through the use of stamps."

10       SECTION 2. Section 245-15, Hawaii Revised Statutes, is  
11   amended to read as follows:

12       "**\$245-15 Disposition of revenues.** All moneys collected  
13   pursuant to this chapter shall be paid into the state treasury  
14   as state realizations to be kept and accounted for as provided  
15   by law; provided that, of the moneys collected [~~under the tax~~  
16   ~~imposed pursuant to:~~

17       ~~(1) Section 245-3(a)(5), after September 30, 2006, and~~  
18       ~~prior to October 1, 2007, 1.0 cent per cigarette shall~~  
19       ~~be deposited to the credit of the Hawaii cancer~~  
20       ~~research special fund, established pursuant to section~~



1           ~~304A-2168, for research and operating expenses and for~~  
2           ~~capital expenditures;~~

3           ~~(2) Section 245-3(a) (6), after September 30, 2007, and~~  
4           ~~prior to October 1, 2008:~~

5           ~~(A) 1.5 cents per cigarette shall be deposited to the~~  
6           ~~credit of the Hawaii cancer research special~~  
7           ~~fund, established pursuant to section 304A-2168,~~  
8           ~~for research and operating expenses and for~~  
9           ~~capital expenditures;~~

10          ~~(B) 0.25 cents per cigarette shall be deposited to~~  
11          ~~the credit of the trauma system special fund~~  
12          ~~established pursuant to section 321-22.5; and~~

13          ~~(C) 0.25 cents per cigarette shall be deposited to~~  
14          ~~the credit of the emergency medical services~~  
15          ~~special fund established pursuant to section 321-~~  
16          ~~234;~~

17          ~~(3) Section 245-3(a) (7), after September 30, 2008, and~~  
18          ~~prior to July 1, 2009:~~

19          ~~(A) 2.0 cents per cigarette shall be deposited to the~~  
20          ~~credit of the Hawaii cancer research special~~  
21          ~~fund, established pursuant to section 304A-2168,~~



1                   ~~for research and operating expenses and for~~  
2                   ~~capital expenditures;~~

3           ~~(B) 0.5 cents per cigarette shall be deposited to the~~  
4                   ~~credit of the trauma system special fund~~  
5                   ~~established pursuant to section 321-22.5;~~

6           ~~(C) 0.25 cents per cigarette shall be deposited to~~  
7                   ~~the credit of the community health centers~~  
8                   ~~special fund established pursuant to section 321-~~  
9                   ~~1.65; and~~

10          ~~(D) 0.25 cents per cigarette shall be deposited to~~  
11                   ~~the credit of the emergency medical services~~  
12                   ~~special fund established pursuant to section 321-~~  
13                   ~~234;~~

14          ~~(4) Section 245-3(a)(8), after June 30, 2009, and prior to~~  
15                   ~~July 1, 2013:~~

16          ~~(A) 2.0 cents per cigarette shall be deposited to the~~  
17                   ~~credit of the Hawaii cancer research special~~  
18                   ~~fund, established pursuant to section 304A-2168,~~  
19                   ~~for research and operating expenses and for~~  
20                   ~~capital expenditures;~~



- 1       ~~(B) 0.75 cents per cigarette shall be deposited to~~  
2       ~~the credit of the trauma system special fund~~  
3       ~~established pursuant to section 321-22.5;~~
- 4       ~~(C) 0.75 cents per cigarette shall be deposited to~~  
5       ~~the credit of the community health centers~~  
6       ~~special fund established pursuant to section 321-~~  
7       ~~1.65; and~~
- 8       ~~(D) 0.5 cents per cigarette shall be deposited to the~~  
9       ~~credit of the emergency medical services special~~  
10      ~~fund established pursuant to section 321-234;~~
- 11      ~~(5) Section 245-3(a)(11), after June 30, 2013, and prior~~  
12      ~~to July 1, 2015;~~
- 13      ~~(A) 2.0 cents per cigarette shall be deposited to the~~  
14      ~~credit of the Hawaii cancer research special~~  
15      ~~fund, established pursuant to section 304A-2168,~~  
16      ~~for research and operating expenses and for~~  
17      ~~capital expenditures;~~
- 18      ~~(B) 1.5 cents per cigarette shall be deposited to the~~  
19      ~~credit of the trauma system special fund~~  
20      ~~established pursuant to section 321-22.5;~~





1       ~~(C) 1.25 cents per cigarette shall be deposited to~~  
2       ~~the credit of the community health centers~~  
3       ~~special fund established pursuant to section 321-~~  
4       ~~1.65; and~~

5       ~~(D) 1.25 cents per cigarette shall be deposited to~~  
6       ~~the credit of the emergency medical services~~  
7       ~~special fund established pursuant to section 321-~~  
8       ~~234; and~~

9       ~~(6) Section 245-3(a)(11), after June 30, 2015, and~~  
10       ~~thereafter;~~

11       ~~(A) 2.0 cents per cigarette shall be deposited to the~~  
12       ~~credit of the Hawaii cancer research special~~  
13       ~~fund, established pursuant to section 304A-2168,~~  
14       ~~for research and operating expenses and for~~  
15       ~~capital expenditures;~~

16       ~~(B) 1.125 cents per cigarette, but not more than~~  
17       ~~\$7,400,000 in a fiscal year, shall be deposited~~  
18       ~~to the credit of the trauma system special fund~~  
19       ~~established pursuant to section 321-22.5;~~

20       ~~(C) 1.25 cents per cigarette, but not more than~~  
21       ~~\$8,800,000 in a fiscal year, shall be deposited~~



1 ~~to the credit of the community health centers~~  
2 ~~special fund established pursuant to section 321-~~  
3 ~~1.65; and~~  
4 ~~(D) 1.25 cents per cigarette, but not more than~~  
5 ~~\$8,800,000 in a fiscal year, shall be deposited~~  
6 ~~to the credit of the emergency medical services~~  
7 ~~special fund established pursuant to section 321-~~  
8 ~~234.]~~

9 each fiscal year:

10 (1) Beginning July 1, 2025, per cent or \$ ,  
11 whichever is less, shall be deposited to the credit of  
12 the Hawaii cancer research special fund, established  
13 pursuant to section 304A-2168, for research and  
14 operating expenses and for capital expenditures;

15 (2) Beginning July 1, 2025, per cent or \$ ,  
16 whichever is less, shall be deposited to the credit of  
17 the trauma system special fund established pursuant to  
18 section 321-22.5;

19 (3) Beginning July 1, 2025, per cent or \$ ,  
20 whichever is less, shall be deposited to the credit of



1           the community health centers special fund established  
2           pursuant to section 321-1.65; and  
3           (4) Beginning July 1, 2025,           per cent or \$           ,  
4           whichever is less, shall be deposited to the credit of  
5           the emergency medical services special fund  
6           established pursuant to section 321-234.

7   The department shall provide an annual accounting of these  
8   dispositions to the legislature."

9           SECTION 3. Statutory material to be repealed is bracketed  
10   and stricken. New statutory material is underscored.

11          SECTION 4. This Act shall take effect on July 1, 3000.



**Report Title:**

Cigarette Tax; Tobacco Tax; Disposition of Revenues

**Description:**

Increases the tax rates for cigarettes and little cigars beginning 1/1/2026, amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund, and expands the disposition of tax revenues to the non-general funds to include all tobacco product taxes. Repeals obsolete historical tax rates. Effective 7/1/3000. (HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

