

RE: S.B. No. 2101
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii
Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2101 entitled:
"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the excise tax rate on large cigars.

Your Committee received testimony in support of this measure from the Hawaii Cigar Association; Cigar Association of America, Inc.; Cigar Rights of America, Hawaii; and four individuals.

Your Committee received testimony in opposition to this measure from the Department of Health; American Heart Association; We Are One, Inc.; Hawaii Public Health Institute; American Cancer Society Cancer Action Network; Blue Zones Project - Hawaii; and numerous individuals.

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

Your Committee finds that the current wholesale tax rate of fifty percent on large cigars encourages consumers to buy cheaper cigars from either unlicensed sources outside of the State or through the black market.

Your Committee has amended this measure by:

(1) Changing the excise tax rate on sales of large cigars to the lesser of:

(A) An unspecified sum for each large cigar of any length; or

(B) An unspecified percent of the wholesale price of each large cigar of any length; and

(2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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 S.B. No. 2101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2101, S.D. 1, and be placed on the calendar for Third Reading.

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

DONOVAN M. DELA CRUZ, Chair