



UNIVERSITY OF HAWAI'I SYSTEM

Legislative Testimony

Testimony Presented Before the
Hearing of the House Committee on Health

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By

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SB 139 SD1: RELATING TO CIGARETTE TAX

Chair Dr. Green, Co-chair Mizuno, Members of the House Committee on Health:

The University of Hawai'i strongly supports SB 139 SD1. This bill corrects a minor technical error and clarifies that monies from the increased cigarette tax to be deposited into special funds created by the 2006 Legislature (Act 316) to support the Cancer Research Center of Hawai'i, emergency medical services, trauma care, and community health centers will be calculated on a per cigarette basis. The University of Hawai'i strongly supports SB 139 SD1 as the funds from the increased cigarette tax will be the primary revenue stream to support the construction, operation funds, and programs of the new Cancer Research Center of Hawai'i to be built in Kaka'ako.

The University of Hawai'i respectfully requests an amendment to SB 139 SD1 that would ensure that any interest earned from the monies in the Hawai'i Cancer Research Special Fund would be retained in the Hawai'i Cancer Research Special Fund for research and operating expenses. The University of Hawai'i requests this additional clarification as it is anticipated that revenues from the increased cigarette tax will accumulate in the next three to four years in the Hawai'i Cancer Research Special Fund, and that the interest will be important to help cover the anticipated increase in the construction costs of the new Cancer Center building. A version of the bill with the amendment is attached.

A BILL FOR AN ACT

RELATING TO CIGARETTE TAX.

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

SECTION 1. The purpose of this Act is to clarify that the moneys earmarked from the cigarette tax collected on each cigarette sold pursuant to section 245-15, Hawaii Revised Statutes, for deposit into the Hawaii cancer research special fund, the trauma system special fund, the emergency medical services special fund, and the community health centers special fund shall be assessed on a per cigarette basis. In addition, this Act ensures that moneys are earmarked for each special fund through 2011 and beyond.

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

"§245-15 Disposition of revenues. All moneys collected pursuant to this chapter shall be paid into the state treasury as state realizations to be kept and accounted for as provided by law; provided that, of the moneys collected under the tax imposed pursuant to section 245-3(a) that represents the difference between the 7.0 cents for each cigarette sold, used,

or possessed by a wholesaler or dealer under section [~~245-3(a)(1)~~] 245-3(a)(4) and the amount of tax imposed and collected on each cigarette sold, used, or possessed by a wholesaler or dealer under [~~section 245-3(a)(2), (3), (4), (5), (6), and (7):~~] the following:

(1) [~~From~~] Section 245-3(a)(5), after September 30, 2006, and prior to [~~September 29,~~] October 1, 2007, 1.0 cent per cigarette shall be deposited to the credit of the Hawaii cancer research special fund, established pursuant to section [~~+~~]304A-2168[~~+~~], for research and operating expenses[;]. Any interest earned shall be retained in the Hawaii cancer research special fund for research and operating expenses;

(2) [~~From~~] Section 245-3(a)(6), after September 30, 2007, and prior to [~~September 29,~~] October 1, 2008:

(A) 1.5 cents per cigarette shall be deposited to the credit of the Hawaii cancer research special fund, established pursuant to section [~~+~~]304A-2168[~~+~~], for research and operating expenses[;]. Any interest earned shall be retained in the Hawaii cancer research special fund for research and operating expenses; [and]

(B) 0.25 cents [~~of the moneys~~] per cigarette shall be deposited to the credit of the trauma system

special fund established pursuant to section
321-22.5; and

(C) 0.25 cents [~~of the moneys~~] per cigarette shall be
deposited to the credit of the emergency medical
services special fund established pursuant to
section 321-234;

(3) [~~From~~] Section 245-3(a)(7), after September 30, 2008,
and prior to [September 29,] October 1, 2009:

(A) 2.0 cents per cigarette shall be deposited to the
credit of the Hawaii cancer research special
fund, established pursuant to section
[+]304A-2168[+], for research and operating
expenses[;]. Any interest earned shall be
retained in the Hawaii cancer research special
fund for research and operating expenses; [and]

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

(C) 0.25 cents [~~of the moneys~~] per cigarette shall be
deposited to the credit of the community health
centers special fund; and

(D) 0.25 cents [~~of the moneys~~] per cigarette shall be
deposited to the credit of the emergency medical

services special fund established pursuant to
section 321-234;

(4) [~~From~~] Section 245-3(a)(8), after September 30, 2009,
and prior to [September 29,] October 1, 2010:

(A) 2.0 cents per cigarette shall be deposited to the
credit of the Hawaii cancer research special
fund, established pursuant to section
[+]304A-2168[+], for research and operating
expenses[;]. Any interest earned shall be
retained in the Hawaii cancer research special
fund for research and operating expenses; [and]

(B) 0.75 cents [~~of the moneys~~] per cigarette shall be
deposited to the credit of the trauma system
special fund established pursuant to section
321-22.5;

(C) 0.75 cents [~~of the moneys~~] per cigarette shall be
deposited to the credit of the community health
centers special fund; and

(D) 0.5 cents [~~of the moneys~~] per cigarette shall be
deposited to the credit of the emergency medical
services special fund established pursuant to
section 321-234;

(5) [~~From~~] Section 245-3(a)(9), after September 30, 2010,
and prior to [September 29,] October 1, 2011:

- (A) 2.0 cents per cigarette shall be deposited to the credit of the Hawaii cancer research special fund, established pursuant to section [†]304A-2168[†], for research and operating expenses[;]. Any interest earned shall be retained in the Hawaii cancer research special fund for research and operating expenses; [and]
- (B) 1.0 cent [~~of the moneys~~] per cigarette shall be deposited to the credit of the trauma system special fund established pursuant to section 321-22.5;
- (C) 1.0 cent [~~of the moneys~~] per cigarette shall be deposited to the credit of the community health centers special fund; and
- (D) 1.0 cent [~~of the moneys~~] per cigarette shall be deposited to the credit of the emergency medical services special fund established pursuant to section 321-234; and
- (6) [~~From~~] Section 245-3(a)(10), after September 30, 2011, and thereafter:
- (A) 2.0 cents per cigarette shall be deposited to the credit of the Hawaii cancer research special fund, established pursuant to section [†]304A-2168[†], for research and operating expenses[;]. Any interest earned shall be

retained in the Hawaii cancer research special fund for research and operating expenses; [and]

- (B) 1.5 cents [~~of the moneys~~] per cigarette shall be deposited to the credit of the trauma system special fund established pursuant to section 321-22.5;
- (C) 1.25 cents [~~of the moneys~~] per cigarette shall be deposited to the credit of the community health centers special fund; and
- (D) 1.25 cents [~~of the moneys~~] per cigarette shall be deposited to the credit of the emergency medical services special fund established pursuant to section 321-234.

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

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

SECTION 4. This Act shall take effect upon its approval.