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July 20, 2006

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2006-13

RE: Act 316, Session Laws of Hawaii 2006, Relating to Health

On July 12, 2006, SB 2961 SD 1, HD 1, CD 1, became law as Act 316 without Governor Linda Lingle's signature. Act 316 increases the excise tax per cigarette sold in Hawaii. The Act also creates two special funds and uses certain amounts of the increased cigarette tax to fund the healthcare-related objectives of the special funds.

Section 245-3, Hawaii Revised Statutes, is amended by increasing the excise tax per cigarette by one cent per year over a six-year span, as follows:

8.00 cents per cigarette on and after September 30, 2006;
9.00 cents per cigarette on and after September 30, 2007;
10.00 cents per cigarette on and after September 30, 2008;
11.00 cents per cigarette on and after September 30, 2009;
12.00 cents per cigarette on and after September 30, 2010;
13.00 cents per cigarette on and after September 30, 2011;

Act 316 creates two special funds, into which will be deposited various cigarette excise tax revenues:

The Hawaii Cancer Research Special Fund—Monies in the fund shall be used by the University of Hawaii for the cancer research center's research and operating expenses;

The Community Health Centers Special Fund—Monies in the fund shall be used by the Department of Health for the operations of federally qualified health centers.

Finally, Act 316 deposits portions of the cigarette excise tax revenues into the following special funds [*Please note that the deposits contained in Act 316 are flawed as written. For purposes of this Department of Taxation Announcement, the first deposit occurring from September 30, 2006 to September 29, 2007 will place 1.0 cent in the Hawaii Cancer Research Special Fund. The remaining flawed deposits will not begin until September 30, 2007.*]—

The Hawaii Cancer Research Special Fund;
The Trauma System Special Fund;
The Emergency Medical Services Special Fund; and
The Community Health Centers Special Fund.

Act 316 takes effect on July 1, 2006; provided that if the trauma system special fund is not established by the legislature in HB 3142 in the regular session of 2006, the amounts designated to be paid into the trauma system special fund shall be deposited into the general fund. *[HB 3142 was enrolled to the Governor and became law as Act 305 without signature on July 12, 2006.]*

For more information on Act 316, please contact the Rules Office at (808) 587-1577.



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