

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.  
ACTING DIRECTOR OF HEALTH

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**SENATE HEALTH COMMITTEE**  
**SB1179, RELATING TO HEALTH**

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.**  
**Acting Director of Health**

**February 16, 2011; 2:45 PM**

1 **Department's Position:** The Department of Health (DOH) strongly supports enactment of this  
2 measure.

3 **Fiscal Implications:** Would create a children's health promotion special fund to be administered by  
4 DOH consisting of revenue from a sugar-sweetened beverage tax. DOH defers to the Department of  
5 Taxation on the tax structure and estimation of revenues that will be generated as a result of the tax.

6 **Purpose and Justification:** The purpose of Senate Bill 1179 is to establish a tax on the sale of sugar-  
7 sweetened beverages in the State, to help encourage Hawaii citizens to make healthy decisions relating  
8 to the consumption of sugar-sweetened beverages. Funds collected from this tax would be utilized to  
9 create a children's health promotion special fund to be administered by DOH. The fund would be used  
10 for statewide childhood obesity prevention activities and programs; community-based childhood obesity  
11 prevention programs; evidence-based prevention, early recognition, monitoring, and weight  
12 management intervention activities in the medical setting; and promotion of nutrition and physical  
13 activity in secondary schools.

14 In Hawaii, adult obesity has more than doubled between 1995 and 2009, and childhood obesity  
15 increased by 38 percent from 1999 and 2009. Obesity-related medical expenditures in Hawaii were

1 calculated to be over \$323 million in 2009, and are continuing to rise. Sugar-sweetened beverages have  
2 been identified by countless scientific studies as a major contributor to our costly obesity epidemic. A  
3 2004 study found that sugared soft drinks are the single largest contributor of calorie intake in the  
4 United States. Currently children and adults consume 172 and 175 calories respectively from sugar-  
5 sweetened beverages a day. Children and adolescents now consume 10 to 15 percent of their daily  
6 caloric intake from sugar-sweetened beverages, these are calories that otherwise meet no nutritional  
7 need. There is also a strong correlation between weight and soda consumption. In children each  
8 additional 12.ounce soft drink consumed per day by children, increases their odds of becoming obese by  
9 60%. A 2009 California study found that adults who drink one or more soda a day are 27% more likely  
10 to be overweight or obese than those who do not drink soda. Reducing sugar-sweetened beverage  
11 consumption and limiting overall liquid calories is also linked to weight loss in adults.

12 A tax on sugared sweetened beverages aimed at reducing consumption is recognized as an  
13 effective public health intervention. The Division of Physical Activity, Nutrition and Obesity (DNPAO)  
14 at the Centers for Disease Control and Prevention (CDC) recommends decreasing the consumption of  
15 sugar-sweetened beverages as one of six evidence-based strategies for preventing and reducing  
16 overweight and obesity. The newly released 2010 Dietary Guidelines for Americans also recommends  
17 reducing the intake of sugar-sweetened beverages as a method to control calorie intake and managing  
18 body weight.

19 A tax on sugar-sweetened beverages could have both fiscal and health impacts. Economic  
20 incentives are among the most effective tools to change behavior as tobacco taxes have demonstrated.  
21 Hawaii's tobacco taxes have helped to drive the states smoking rates to historic lows. Smoking among  
22 high school students decreased 54% from 2000 to 2009. Price has been shown to influence food  
23 purchasing behavior as well. Based on the best estimates to date of the responsiveness of demand for

1 soft drinks to changes in price, a 10% tax could result in about an 8% reduction in consumption. The  
2 effects could be higher for heavy users of soft drinks.

3         According to the Yale-Rudd Center for Childhood Obesity's Revenue Calculator for Sugar-  
4 sweetened Beverages, tax revenue could amount to over \$65 million dollars in 2012 for Hawaii, if  
5 sugar-sweetened beverages were taxed a penny per ounce. Polling data has demonstrated increased  
6 public support when the funds are earmarked for specific preventative programming, such as obesity  
7 prevention programs or nutrition programs, or to promote the health of key groups such as children.  
8 Research suggests the most effective sugar-sweetened beverage tax to be an excise tax (fee per ounce) of  
9 one cent per ounce (or \$1.28 per gallon) of beverages that have any added caloric sweetener, though  
10 higher taxes would have greater benefits. Benefits of an excise tax include the following: consumers  
11 see the increased price at point of purchase; is imposed at the bottler, distributor, wholesaler, or importer  
12 level, making it easier to collect; does not change if industry reduces prices; includes syrup used in  
13 fountain drinks; and generates a more stable and predictable revenue.

14         The Department strongly supports passage of SB1179 for public health purpose and respectfully  
15 submits suggested amendments to Section 1 for clarity and does not substantively change the  
16 definitions. Additional language is also submitted for Section 2 to request the inclusion of funding to be  
17 made available for prenatal to early childhood development intervention programs. The DOH defers to  
18 the Department of Taxation on the tax structure and the estimate of revenues that will be generated as a  
19 result of the tax.

20         Thank you for the opportunity to provide testimony.

21

22



1 "Caloric sweetener" means any caloric substance suitable  
2 for human consumption that humans perceive as sweet and includes  
3 sucrose, fructose, glucose, other sugars, and fruit juice  
4 concentrates, but does not include non-caloric sweeteners. For  
5 purposes of this definition, "caloric" means a substance that  
6 adds calories to the diet of a person who consumes that  
7 substance.

8 "Consumer" means a person who purchases a ~~sugar~~calorically-  
9 sweetened beverage for consumption and not for sale to another.

10 "Department" means the department of taxation.

11 "Director" means the director of taxation.

12 "Distributor" means any person, including a manufacturer or  
13 wholesale dealer, who receives, stores, manufactures, bottles or  
14 distributes bottled ~~sugar~~calorically-sweetened beverages, syrup,  
15 or powder, for sale to retailers doing business in the State  
16 regardless of whether that person also sells such products to  
17 consumers.

18 "Non-caloric sweetener" means any non-caloric substance  
19 suitable for human consumption that humans perceive as sweet and  
20 includes aspartame, saccharin, stevia, and sucralose, but does  
21 not include caloric sweeteners. For purposes of this  
22 definition, "non-caloric" means a substance that does not add  
23 calories to the diet of a person who consumes that substance.

1 "Person" means any natural person, partnership, cooperative  
2 association, limited liability company, corporation, personal  
3 representative, receiver, trustee, assignee, or any other legal  
4 entity.

5 "Place of business" means any place where ~~sugar~~calorically-  
6 sweetened beverages, syrups, or powder are manufactured or  
7 received for sale in the State.

8 "Powder" means any solid mixture of ingredients used in  
9 making, mixing, or compounding ~~sugar~~calorically-sweetened  
10 beverages by mixing the powder with one or more other  
11 ingredients, including water, ice, syrup, simple syrup, fruits,  
12 vegetables, fruit juice, vegetable juice, carbonation, or other  
13 gas.

14 "Retailer" means any person who sells or otherwise  
15 dispenses in the State a ~~sugar~~calorically-sweetened beverage to  
16 a consumer regardless of whether that person is also a  
17 distributor as defined in this section.

18 "Sale" means the transfer of title or possession for  
19 valuable consideration regardless of the manner by which the  
20 transfer is completed.

21 ~~"Sugar~~ "Calorically-sweetened beverage" means any non-  
22 alcoholic beverage, carbonated or noncarbonated, that is  
23 intended for human consumption and contains any ~~added~~ caloric  
24 sweetener. As used in this definition, "non-alcoholic beverage"

1 means any beverage that contains less than one-half of one per  
2 cent alcohol per volume. ~~"Sugar~~ "Calorically-sweetened  
3 beverage" does not include:

4 (1) Beverages sweetened solely with non-caloric  
5 sweeteners;

6 (2) Beverages consisting of one hundred per cent natural  
7 fruit or vegetable juice with no added caloric  
8 sweetener. For purposes of this paragraph, "natural  
9 fruit juice" and "natural vegetable juice" means the  
10 original liquid resulting from the pressing of fruits  
11 or vegetables, or the liquid resulting from the  
12 dilution of dehydrated natural fruit juice or natural  
13 vegetable juice;

14 (3) Milk without any added caloric sweetener, which means:

15 (A) Natural liquid milk regardless of animal source or  
16 butterfat content;

17 (B) Natural milk concentrate, whether or not  
18 reconstituted, regardless of animal source or  
19 butterfat content; or

20 (C) Dehydrated natural milk, whether or not  
21 reconstituted and regardless of animal source or  
22 butterfat content; or

23 ~~(4) Coffee or tea without added caloric sweetener;~~

24 ~~(5) Infant formula.~~ or

1           (6) ~~Water to which neither carbonation nor any other~~  
2                     ~~substance has been added, except for minerals and non-~~  
3                     ~~caloric flavoring agents.~~

4           "Syrup" means a liquid mixture of ingredients used in  
5 making, mixing, or compounding sugar calorically-sweetened  
6 beverages using one or more other ingredients including water,  
7 ice, a powder, simple syrup, fruits, vegetables, fruit juice,  
8 vegetable juice, carbonation, or other gas.

9           **§ -3 Tax imposed.** (a) Every distributor selling sugar-  
10 sweetened beverages in this State shall pay a tax that is hereby  
11 imposed at the following rates:

12           (1) \$                     per gallon of bottled sugar-sweetened  
13                     beverages sold or offered for sale to a retailer for  
14                     sale in the State to a consumer; and

15           (2) \$                     per gallon of sugar-sweetened beverage  
16                     produced from syrup or powder sold or offered for sale  
17                     to a retailer for sale in the State to a consumer.

18           For the purposes of paragraph (2), the volume of sugar-  
19 sweetened beverage produced from syrup or powder shall be the  
20 larger of: the largest volume resulting from use of the syrup  
21 or powder according to any manufacturer's instructions; or the  
22 volume actually produced by the retailer, as reasonably  
23 determined by the department.



1           (b) Any retailer that sells bottled sugar-sweetened  
2 beverages, syrup, or powder in the State to a consumer, on which  
3 the tax imposed by this section has not been paid by a  
4 distributor, shall be liable for the tax imposed in subsection  
5 (a) at the time of sale to the consumer.

6           **§ -4 Return, form, contents.** Every taxpayer, on or  
7 before the twentieth day of each month, shall file with the  
8 department of taxation in the taxation district in which the  
9 taxpayer's place of business is located, or with the department  
10 in Honolulu, a return showing all sales of sugar-sweetened  
11 beverages by gallonage and dollar volume in each category  
12 defined in section -2 and taxed under section -3(a) made  
13 by the taxpayer during the preceding month, showing separately  
14 the amount of the nontaxable sales, and the amount of the  
15 taxable sales, and the tax payable thereon. The form of the  
16 return shall be prescribed by the department and shall contain  
17 such information as it may deem necessary for the proper  
18 administration of this chapter.

19           **§ -5 Payment of tax; penalties.** At the time of the  
20 filing of the return required under section -4 and within the  
21 time prescribed therefor, each taxpayer shall pay to the  
22 department the tax imposed by this chapter, required to be shown  
23 by the return.

1 Penalties and interest shall be added to and become a part  
2 of the tax, when and as provided by section 231-39.

3 **§ -6 Determination of tax, additional assessments,**  
4 **credit, and refunds.** (a) As soon as practicable after each  
5 return has been filed, the department of taxation shall cause it  
6 to be examined and shall compute and determine the amount of the  
7 tax payable thereon.

8 (b) If it appears upon the initial examination of the  
9 return, within two years after the filing of the return, or at  
10 any time if no return has been filed, as a result of the  
11 examination or as a result of any examination of the records of  
12 the taxpayer or of any other inquiry or investigation, that the  
13 correct amount of the tax is greater than that shown on the  
14 return, or that any tax imposed by the chapter has not been  
15 paid, an assessment of additional tax may be made in the manner  
16 provided in section 235-108(b). The amount of the tax for the  
17 period covered by the assessment shall not be reduced below the  
18 amount determined by an assessment so made, except upon appeal  
19 or in a proceeding brought pursuant to section 40-35.

20 (c) If the taxpayer has paid or returned with respect to  
21 any month more than the amount determined to be the correct  
22 amount of tax for that month, the amount of the tax so returned  
23 and any assessment of tax made pursuant to the return may be  
24 reduced, and any overpayment of tax may be credited upon the tax

1 imposed by this chapter, or at the election of the taxpayer, the  
2 taxpayer not being delinquent in the payment of any taxes owing  
3 to the State, may be refunded in the manner provided in section  
4 231-23(c); provided that no reduction of tax may be made when  
5 forbidden by subsection (b) or more than two years after the  
6 filing of the return.

7       **§ -7 Records to be kept.** (a) Every taxpayer shall keep  
8 a record of all sales of sugar-sweetened beverages by gallonage  
9 and dollar volume in each category defined in section -2 and  
10 taxed under section -3(a) made by the taxpayer, in such form  
11 as the department of taxation may prescribe. These records  
12 shall be offered for inspection and examination at any time upon  
13 demand by the department and shall be preserved for a period of  
14 two years, except that the department may consent in writing to  
15 their destruction within that period or may require that they be  
16 kept longer.

17       The department, by rule, may require the taxpayer to keep  
18 other records as it may deem necessary for the proper  
19 enforcement of this chapter.

20       (b) If any taxpayer fails to keep records upon which a  
21 proper determination of the tax due under this chapter may be  
22 made, the department may fix the amount of tax for any period  
23 from the best information it may obtain and assess the tax as  
24 hereinbefore provided.

1           **§ -8 Inspection.** The director of taxation, or the duly  
2 authorized agent of the director, may examine all records  
3 required to be kept under this chapter and books, papers, and  
4 records of any person engaged in the sale of sugar-sweetened  
5 beverages to verify the accuracy of the payment of the tax  
6 imposed by this chapter and other compliance with this chapter  
7 and rules adopted pursuant thereto. Every person in possession  
8 of such books, papers, and records and the person's agents and  
9 employees shall give the director, or the duly authorized agent  
10 of the director, the means, facilities, and opportunities for  
11 the examination.

12           **§ -9 Tax in addition to other taxes.** The tax imposed by  
13 this chapter shall be in addition to any other tax imposed upon  
14 the business of selling sugar-sweetened beverages or upon any of  
15 the transactions, acts, or activities taxed by this chapter.

16           **§ -10 Appeals.** Any person aggrieved by any assessment  
17 of the tax imposed by this chapter may appeal the assessment in  
18 the manner and within the time and in all other respects as  
19 provided in the case of income tax appeals by section 235-114.  
20 The hearing and disposition of the appeal, including the  
21 distribution of costs, shall be as provided in chapter 232.

22           **§ -11 Other provisions applicable.** All of the  
23 provisions of chapters 235 and 237 not inconsistent with this  
24 chapter and that may appropriately be applied to the taxes,

1 persons, circumstances, and situations involved in this chapter,  
2 including without prejudice to the generality of the foregoing:  
3 provisions as to penalties and interest; provisions granting  
4 administrative powers to the director of taxation; and  
5 provisions for the assessment, levy, and collection of taxes;  
6 shall be applicable to the taxes imposed by this chapter and to  
7 the assessment, levy, and collection thereof.

8       **§ -12 Investigations; contempts; fees.** (a) The  
9 director of taxation, and any agent authorized by the director  
10 to conduct any inquiry, investigation, or hearing under this  
11 section, shall have power to administer oaths and take testimony  
12 under oath relative to the matter of inquiry or investigation.  
13 At any hearing ordered by the director, the director or the  
14 director's agent may subpoena witnesses and require the  
15 production of books, papers, and documents pertinent to the  
16 inquiry. No witness under subpoena authorized to be issued by  
17 this section shall be excused from testifying or from producing  
18 books or papers on the ground that the testimony or the  
19 production of the books or other documentary evidence would tend  
20 to incriminate the witness, but the evidence or the books or  
21 papers so produced shall not be used in any criminal proceeding  
22 against the witness.

23       (b) If any person disobeys a subpoena process or, having  
24 appeared in obedience thereto, refuses to answer any pertinent

1 question put to the person by the director or the director's  
2 authorized agent or to produce any books and papers pursuant  
3 thereto, the director or the agent may apply to the circuit  
4 court of the circuit wherein the taxpayer resides or wherein the  
5 transaction, act, or activity under investigation has occurred,  
6 or to any judge of the court, setting forth the disobedience to  
7 process or refusal to answer. The court or the judge shall cite  
8 the person to appear before the court or the judge to answer the  
9 question or to produce such books and papers and, upon the  
10 person's refusal shall hold the person in contempt and sentence  
11 the person to prison until the person testifies; provided that  
12 the period of imprisonment shall not exceed sixty days.  
13 Notwithstanding the serving of the term of any imprisonment by  
14 any person, the director may proceed in all respects with the  
15 inquiry and examination as if the witness had not previously  
16 been called upon to testify.

17 (c) Officers who serve subpoenas issued by the director or  
18 under the director's authority and witnesses attending hearings  
19 conducted by the director shall be awarded fees in an amount  
20 equal to witness fees awarded in accordance with section 621-7,  
21 to be paid on vouchers of the director, from any moneys  
22 available for litigation expenses of the department of taxation.

23 **§ -13 Administration by director; rules.** The  
24 administration of this chapter is vested in the director of

1 taxation, who may adopt and enforce rules in accordance with  
2 chapter 91 for the enforcement and administration of this  
3 chapter.

4       **§ -14 Disposition of revenues.** All moneys collected  
5 pursuant to this chapter shall be paid into the children's  
6 health promotion special fund established pursuant to section  
7 321- , to be kept and accounted for as provided by law.

8       **§ -15 Exemptions.** The following shall be exempt from  
9 the tax imposed by this chapter:

- 10       (1) Bottled sugar-sweetened beverages, syrups, and powder  
11             sold to the United States government and American  
12             Indian tribal governments;
- 13       (2) Bottled sugar-sweetened beverages, syrups, and powder  
14             sold by a distributor or a retailer expressly for  
15             resale or consumption outside the State; and
- 16       (3) Bottled sugar-sweetened beverages, syrups, and powder  
17             sold by a distributor to another distributor, if the  
18             sales invoice clearly indicates that the sale is  
19             exempt. If the sale is to a person who is both a  
20             distributor and a retailer, the sale shall be exempt  
21             and the tax shall be paid when the purchasing  
22             distributor/retailer resells the product to a retailer  
23             or a consumer. This exemption does not apply to any  
24             other sale to a retailer."

1 SECTION 2. Chapter 321, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§321- Children's health promotion special fund. (a)  
5 There is established in the state treasury a special fund to be  
6 known as the children's health promotion special fund and to be  
7 administered by the department of health, into which shall be  
8 deposited sugar-sweetened beverages tax revenues pursuant to  
9 section -14.

10 (b) The fund shall be used for:

11 (1) All costs to implement this chapter;

12 (2) Statewide childhood obesity prevention activities and  
13 programs;

14 (3) Community-based childhood obesity prevention programs;

15 (4) Evidence-based prevention, early recognition,  
16 monitoring, and weight management intervention  
17 activities in the medical setting; and

18 (5) Promotion of nutrition and physical activity in  
19 elementary and secondary schools.

20 (6) Prenatal to early childhood development intervention  
21 programs that include screening, visitation,  
22 monitoring, and counseling;



1        (c) All moneys in the children's health promotion special  
2 fund shall:

3        (1) Be expended only for the purposes expressed in this  
4        section;

5        (2) Be used only to supplement existing levels of service;  
6        and

7        (3) Not be used to supplant current federal, state, or  
8        local funding for existing levels of service."

9        SECTION 3. New statutory material is underscored.

10       SECTION 4. This Act, upon its approval, shall apply to  
11 taxable years beginning after December 31, 2010.

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INTRODUCED BY: \_\_\_\_\_

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**Report Title:**

Sugar-Sweetened Beverages Tax

**Description:**

Establishes a tax on the sale of sugar-sweetened beverages in the State. Creates a children's health promotion special fund.

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

NEIL ABERCROMBIE  
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BRIAN SCHATZ  
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## SENATE COMMITTEE ON HEALTH

### TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING SB 1179 RELATING TO TAXATION

**TESTIFIER:** FREDERICK D. PABLO, DIRECTOR OF TAXATION  
(OR DESIGNEE)

**COMMITTEE:** HTH

**DATE:** FEBRUARY 16, 2011

**TIME:** 2:45PM

**POSITION:** SUPPORT

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This measure imposes a tax on distributors selling sugar-sweetened beverages. The bill creates a new chapter in Title 14 entitled "Sugar-Sweetened Beverages Tax."

The Department of Taxation (Department) **supports this measure.**

Several states and cities in recent years have considered imposing a soda tax on sugary drinks to curb obesity and other health-related problems that stem directly from diets high in sugar and other refined sweeteners.

Studies shed light on staggering statistics of sugar use in America. According to one proponent of a soda tax, approximately one-third of American children are obese and their obesity is linked to consumption of sugary beverages.



February 14, 2011

Committee on Health  
Senator Josh Green, MD, Chair  
Senator Clarence Nishihara, Vice Chair

**Hearing:**

February 16, 2011, 2:45 p.m.  
Hawaii State Capitol, Room 229

**RE: SB 1179 – Relating to Taxation**

**Testimony in Strong Support**

Chair Green, Vice Chair Nishihara and members of the Committee on Health. Thank you for the opportunity to testify in strong support of SB1179 which establishes a tax on the sale of sugar-sweetened beverages in the State. In addition, it creates a children's health promotion special fund.

As this committee knows, the American Cancer Society has been leading the battle against cancer for over 60 years in Hawaii. We have made much progress in saving lives through early detection and new cutting edge treatments as a result of ongoing research. **From research, we now know that obesity increases the risk of multiple health conditions, including diabetes, hypertension and certain cancers - breast (after menopause), cervical, esophageal, pancreatic, and a half-dozen others.**

Overweight and obesity are health problems that affect a large number of people in the United States and Hawaii. To reduce body weight, a person must decrease the amount of calories he or she consumes while maintaining or increasing physical activity. The *Dietary Guidelines for Americans 2005*, indicates that the healthiest way to reduce caloric intake is to decrease one's consumption of added sugars, fats, and alcohol, all of which provide calories but few or no essential nutrients. One way for people to reduce their intake of added sugars and help manage their weight is to reduce the amount of sugar-sweetened beverages they drink.

The Trust for America's Health in collaboration with the Robert Wood Johnson Foundation released a report in July 2009, noting that Hawaii has the 5th lowest rate of adult obesity in the nation, at 21.8 percent and the 37th highest of overweight youths (ages 10-17) at 28.5 percent

In addition to developing adult risk factors associated with cardiovascular disease and Type 2 diabetes, **obese children and adolescents are more likely to become obese as adults.** Clearly something has to be done.

As with the battle against tobacco, we believe that combating obesity should be a two prong effort. First, public education efforts must begin at childhood, and second, this effort must be combined with a sugar-sweetened beverage tax sufficiently high that it discourages sugar beverage consumption. **The aim is to affect a social norms change. Simply, if the tax on sugary beverages is high, diet drinks that do not have a tax become more attractive.** This strategy worked well with cigarettes and smoking, and will work well for obesity.

We request an amendment in §321- Children's health promotion special fund. (b)(3) Community-based childhood obesity prevention programs.

To read "*(b)(3) Community-based infant and childhood obesity prevention programs.*"

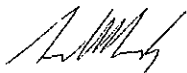
We believe that obesity prevention efforts should start during infancy. A recent study in the American Journal of Health Promotion – January/February 2011, reported alarming statistics regarding federal data on 16,400 children. When examined, researchers found that 15 percent of 9-month-olds were overweight, while 17 percent were obese. That is a total of 32 percent baby blubber. When the children reached the age of two, the numbers increased - 14 percent were overweight and 21 percent were obese.

In closing we note for the committee that the Rudd Center for Food Policy & Obesity at Yale University reviewed Hawaii's sugar soda consumption data and estimated that a 1¢ per ounce tax increase would raise \$65 million in new revenues. We also have attached an article from the New England Journal of Medicine, April 30, 2009, entitled Ounces of Prevention – The Public Policy Case for Taxes on Sugared Beverages, and an op-ed from the New York Daily News, dated February 18, 2009, "Want a healthier state? Save the gov's tax on sugar soda."

We believe that SB1179 is a very good bill, and if passed will begin to effectively address both childhood and adult obesity in Hawaii.

Thank you for the opportunity to provide testimony regarding this important issue.

Respectfully,



George S. Massengale, JD  
Director of Government Relations



## Ounces of Prevention — The Public Policy Case for Taxes on Sugared Beverages

Kelly D. Brownell, Ph.D., and Thomas R. Frieden, M.D., M.P.H.

Sugar, rum, and tobacco are commodities which are nowhere necessities of life, which are become objects of almost universal consumption, and which are therefore extremely proper subjects of taxation.

Adam Smith, *The Wealth of Nations*, 1776

The obesity epidemic has inspired calls for public health measures to prevent diet-related diseases. One controversial idea is now the subject of public debate: food taxes.

Forty states already have small taxes on sugared beverages and snack foods, but in the past year, Maine and New York have proposed large taxes on sugared beverages, and similar discussions have begun in other states. The size of the taxes, their potential for generating revenue and reducing consumption, and vigorous opposition by the beverage industry have resulted in substantial controversy. Because excess con-

sumption of unhealthful foods underlies many leading causes of death, food taxes at local, state, and national levels are likely to remain part of political and public health discourse.

Sugar-sweetened beverages (soda sweetened with sugar, corn syrup, or other caloric sweeteners and other carbonated and uncarbonated drinks, such as sports and energy drinks) may be the single largest driver of the obesity epidemic. A recent meta-analysis found that the intake of sugared beverages is associated with increased body weight, poor nutrition, and displacement of more healthful beverages; in-

creasing consumption increases risk for obesity and diabetes; the strongest effects are seen in studies with the best methods (e.g., longitudinal and interventional vs. correlational studies); and interventional studies show that reduced intake of soft drinks improves health.<sup>1</sup> Studies that do not support a relationship between consumption of sugared beverages and health outcomes tend to be conducted by authors supported by the beverage industry.<sup>2</sup>

Sugared beverages are marketed extensively to children and adolescents, and in the mid-1990s, children's intake of sugared beverages surpassed that of milk. In the past decade, per capita intake of calories from sugar-sweetened beverages has increased by nearly 30% (see bar graph)<sup>3</sup>; beverages now account for 10 to 15% of the calories consumed by children and adolescents. For each extra can or glass of sugared beverage

consumed per day, the likelihood of a child's becoming obese increases by 60%.<sup>4</sup>

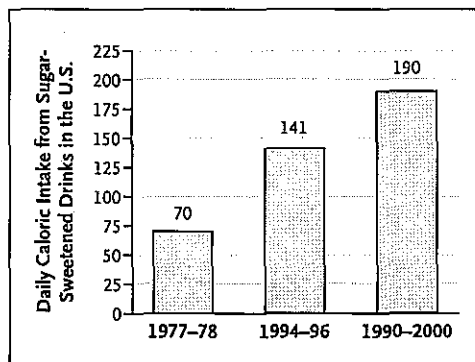
Taxes on tobacco products have been highly effective in reducing consumption, and data indicate that higher prices also reduce soda consumption. A review conducted by Yale University's Rudd Center for Food Policy and Obesity suggested that for every 10% increase in price, consumption decreases by 7.8%. An industry trade publication reported even larger reductions: as prices of carbonated soft drinks increased by 6.8%, sales dropped by 7.8%, and as Coca-Cola prices increased by 12%, sales dropped by 14.6%.<sup>5</sup> Such studies — and the economic principles that support their findings — suggest that a tax on

sugared beverages would encourage consumers to switch to more healthful beverages, which would lead to reduced caloric intake and less weight gain.

The increasing affordability of soda — and the decreasing affordability of fresh fruits and vegetables (see line graph) — probably contributes to the rise in obesity in the United States. In 2008, a group of child and health care advocates in New York proposed a one-penny-per-ounce excise tax on sugared beverages, which would be expected to reduce consumption by 13% — about two servings per week per person. Even if one quarter of the calories consumed from sugared beverages are replaced by other food, the decrease in consumption would lead to an estimated reduction of 8000 calories per person per year — slightly more than 2 lb each year for the average person. Such a reduction in calorie consumption would be

expected to substantially reduce the risk of obesity and diabetes and may also reduce the risk of heart disease and other conditions.

Some argue that government should not interfere in the market and that products and prices



Daily Caloric Intake from Sugar-Sweetened Drinks in the United States.

Data are from Nielsen and Popkin.<sup>3</sup>

will change as consumers demand more healthful food, but several considerations support government action. The first is externality — costs to parties not directly involved in a transaction. The contribution of unhealthy diets to health care costs is already high and is increasing — an estimated \$79 billion is spent annually for overweight and obesity alone — and approximately half of these costs are paid by Medicare and Medicaid, at taxpayers' expense. Diet-related diseases also cost society in terms of decreased work productivity, increased absenteeism, poorer school performance, and reduced fitness on the part of military recruits, among other negative effects.

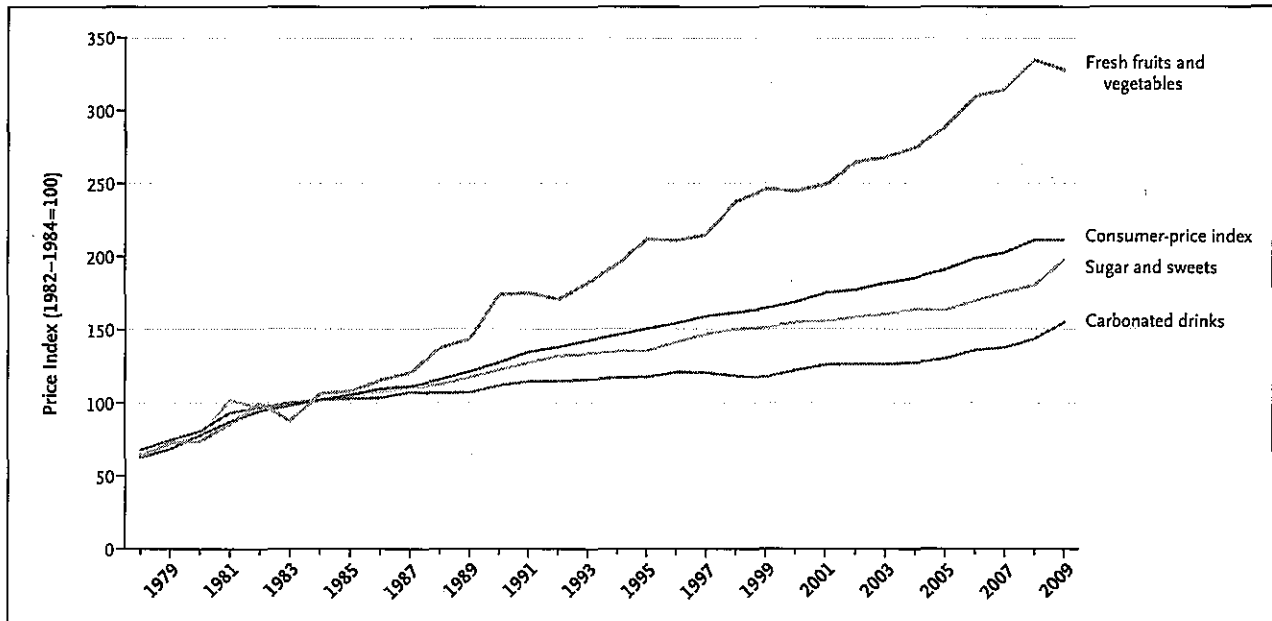
The second consideration is information asymmetry between the parties to a transaction. In the case of sugared beverages, marketers commonly make health claims (e.g., that such beverages provide energy or vitamins) and

use techniques that exploit the cognitive vulnerabilities of young children, who often cannot distinguish a television program from an advertisement.

A third consideration is revenue generation, which can further increase the societal benefits of a tax on soft drinks. A penny-per-ounce excise tax would raise an estimated \$1.2 billion in New York State alone. In times of economic hardship, taxes that both generate this much revenue and promote health are better options than revenue initiatives that may have adverse effects.

Objections have certainly been raised: that such a tax would be regressive, that food taxes are not comparable to tobacco or alcohol taxes because people must eat to survive, that it is unfair to single out one type of food for taxation, and that the tax will not solve the obesity problem. But the poor are disproportionately affected by diet-related diseases and would derive the greatest benefit from reduced consumption; sugared beverages are not necessary for survival; Americans consume about 250 to 300 more calories daily today than they did several decades ago, and nearly half this increase is accounted for by consumption of sugared beverages; and though no single intervention will solve the obesity problem, that is hardly a reason to take no action.

The full impact of public policies becomes apparent only after they take effect. We can estimate changes in sugared-drink consumption that would be prompted by a tax, but accompanying changes in the consumption of other foods or beverages are more difficult to predict. One question



Relative Price Changes for Fresh Fruits and Vegetables, Sugars and Sweets, and Carbonated Drinks, 1978–2009.

Data are from the Bureau of Labor Statistics and represent the U.S. city averages for all urban consumers in January of each year.

is whether the proportions of calories consumed in liquid and solid foods would change. And shifts among beverages would have different effects depending on whether consumers substituted water, milk, diet drinks, or equivalent generic brands of sugared drinks.

Effects will also vary depending on whether the tax is designed to reduce consumption, generate revenue, or both; the size of the tax; whether the revenue is earmarked for programs related to nutrition and health; and where in the production and distribution chain the tax is applied. Given the heavy consumption of sugared beverages, even small taxes will generate substantial revenue, but only heftier taxes will significantly reduce consumption.

Sales taxes are the most common form of food tax, but because they are levied as a percentage of the retail price, they encourage the purchase of less-

expensive brands or larger containers. Excise taxes structured as a fixed cost per ounce provide an incentive to buy less and hence would be much more effective in reducing consumption and improving health. In addition, manufacturers generally pass the cost of an excise tax along to their customers, including it in the price consumers see when they are making their selection, whereas sales taxes are seen only at the cash register.

Although a tax on sugared beverages would have health benefits regardless of how the revenue was used, the popularity of such a proposal increases greatly if revenues are used for programs to prevent childhood obesity, such as media campaigns, facilities and programs for physical activity, and healthier food in schools. Poll results show that support of a tax on sugared beverages ranges from 37 to 72%; a poll of New York residents found

that 52% supported a “soda tax,” but the number rose to 72% when respondents were told that the revenue would be used for obesity prevention. Perhaps the most defensible approach is to use revenue to subsidize the purchase of healthful foods. The public would then see a relationship between tax and benefit, and any regressive effects would be counteracted by the reduced costs of healthful food.

A penny-per-ounce excise tax could reduce consumption of sugared beverages by more than 10%. It is difficult to imagine producing behavior change of this magnitude through education alone, even if government devoted massive resources to the task. In contrast, a sales tax on sugared drinks would generate considerable revenue, and as with the tax on tobacco, it could become a key tool in efforts to improve health.

No potential conflict of interest relevant to this article was reported.



Dr. Brownell is a professor and director of the Rudd Center for Food Policy and Obesity, Yale University, New Haven, CT. Dr. Frieden is the health commissioner for the City of New York.

This article (10.1056/NEJMp0902392) was published at NEJM.org on April 8, 2009.

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and health: a systematic review and meta-analysis. *Am J Public Health* 2007;97:667-75.

2. Forshee RA, Anderson PA, Storey ML. Sugar-sweetened beverages and body mass index in children and adolescents: a meta-analysis. *Am J Clin Nutr* 2008;87:1662-71.

3. Nielsen SJ, Popkin BM. Changes in beverage intake between 1977 and 2001. *Am J Prev Med* 2004;27:205-10. [Erratum, *Am J Prev Med* 2005;28:413.]

4. Ludwig DS, Peterson KE, Gortmaker SL. Relation between consumption of sugar-sweetened drinks and childhood obesity: a prospective, observational analysis. *Lancet* 2001;357:505-8.

5. Elasticity: big price increases cause Coke volume to plummet. *Beverage Digest*. November 21, 2008:3-4.

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February 14, 2011

TO: Senator Josh Green, M.D., Chair, Senator Clarence K. Nishihara, Vice Chair and  
Members of the Committee on Health

FROM: Jackie Berry, Executive Director

RE: **SB 1179 Relating to Taxation**

Hearing: Wednesday, February 16, 2011 at 2:45pm

Honorable Chairperson Green, Vice Chairperson Nishihara and Members of the Committee on Health

HMHB is a statewide coalition of public and private agencies and individuals committed to the improvement of maternal and infant health status in Hawaii through education, coordination and advocacy. **HMHB is testifying today in support of SB 1179 to establish a tax on the sale of sugar sweetened beverages in the State of Hawaii.** Sugar sweetened beverages with little or no nutrition are staples of today's diet. These beverages are inexpensive, in abundant supply, and appeal to our taste for sugar. They are heavily marketed, especially to children; and more than any category of foods are associated with poor diet, increasing rates of obesity, and risk for diabetes. A 2004 study found that soft drinks are the single largest contributor of calorie intake in the United States.

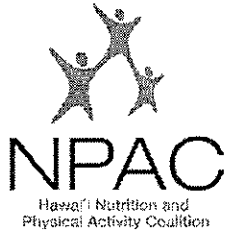
Taxes on soft drinks raise much needed revenue for programs directed toward children to promote healthy eating and decreasing the rising rates of obesity. They also have the possibility of changing consumption by raising awareness about the effects of high sugar consumption on health.

We urge you support of this bill.

Mahalo for your consideration of this bill and our testimony.

845 22<sup>nd</sup> Avenue, Honolulu, Hawaii 96816  
Phone # (808) 737-5805

E-mail: [jackieb@hmhb-hawaii.org](mailto:jackieb@hmhb-hawaii.org) website: [www.hmhb-hawaii.org](http://www.hmhb-hawaii.org)



To: Dr. Josh Green, Chair, Senate Health Committee  
Sen. Clarence Nishihara, Vice Chair, Senate Health Committee  
Date: February 16, 2011 2:45 p.m., SCR 229 (State Capitol)  
Re: Support for SB1179, Relating to Taxation

My name is Jennifer Dang, State Director of the Hawaii Nutrition and Physical Activity Coalition. My organization's mission is to improve the health of Hawaii's people by changing policies, systems and environments so that opportunities for healthy eating and active living are equally available to all.

Here are the facts:

1. Over the past 30 years, childhood obesity rates in America have tripled.
2. Today, almost 1 out of every 3 children in our nation is overweight or obese.
3. In Hawaii, over 28% of our kindergarteners are overweight or obese, with disproportionately higher incidence of overweight in children of Hawaiian or Pacific Island ancestry.
4. One third of all children born in 2000 or later will suffer from diabetes at some point in their lives. Many others will face a lifetime of chronic obesity-related health problems like heart disease, high blood pressure, cancer, and asthma. It is predicted that this current generation of children will have shorter life spans than their parents.

This is why I strongly support the intent of SB1179.

Yale University's Rudd Center for Food Policy and Obesity states that:

- The percentage of beverage calories from SSB consumed by 2-18 year olds has increased, while the percentage from milk has decreased. In the mid 1990's the intake of SSB began surpassing that of milk.
- For children, the odds of becoming obese increases 1.6 times for every extra can or glass of SSB consumed per day.
- SSB consumption is highest among groups already at risk for obesity and Type 2 diabetes. In Hawaii, these groups would be low-income part Hawaiian and Pacific Island families.

The CDC - Center for Disease Control recommends these strategies to decrease consumption of SSB.

1. Ensure ready access to potable drinking water
2. Limit access to SSB. Through the DOE Wellness Guidelines to be fully implemented by the end of this school year, SSB have been removed from vending machines in most public schools. However, 100% compliance has not been achieved, particularly during school sporting events.
3. Decrease the relative cost of more healthful beverages through differential pricing.
4. Increase the cost of SSB. An 18% tax could result in a 14-18% reduction in consumption. Decreased consumption of SSB is associated with modest reductions in weight.
5. Include screening and counseling about SSB consumption as part of routine medical care

Obviously, this is not a popular proposal for bottling companies, food and beverage companies, restaurants and fast food chains, and food distributors and transportation companies. They want to

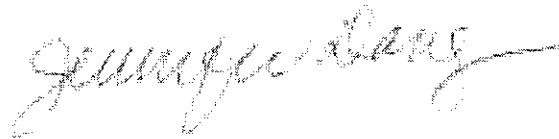
keep things status quo and they will spend tens of millions of dollars to fight this proposed tax. Perhaps we can reframe their arguments through a public health lens and put things in perspective.

- **Loss of Jobs:** Like the HI-5 bottle fee, companies will pass along the Sugary Beverage Healthy Hawaii Fee to the consumer. Many bottling and distribution companies also carry or produce water products, or 100% fruit juice beverages which will not be affected by this price increase. Perhaps this tax will encourage local companies to carry healthier products.
- **Government is telling families what to eat and drink:** Obesity related diseases will cost our country over \$139 billion in health care costs. We all pay for the cost of caring for people with chronic health diseases.

NPAC, the Nutrition and Physical Activity Coalition and our partner organizations will do our part by educating parents about healthier choices. We will be launching ***Hawaii 5210, Let's Go!***, a health promotion campaign. Waianae Coast Comprehensive Health Center pediatrician and HICORE- Hawaii Childhood Obesity Research and Education director, Dr. May Okihiro, has developed clinical tools to educate parents about healthy weight and provides guidance on what parents can do using the ***Hawaii 5210, Let's Go!*** message. Hawaii health insurers and community health centers have all agreed to utilize this common message throughout our state so that parents will hear consistent messages.

Unfortunately, equal access to affordable healthy food, recreation and sports for all, and neighborhoods with safe walking, biking and hiking paths is not a reality today. More funds are needed, and more policy and environmental changes are needed to make the healthy choice the default choice for all of Hawaii's residents, regardless of their socioeconomic status.

NPAC also advocates that a percentage of the proceeds from this SSB tax be allocated to nutrition and physical activity and obesity prevention programs.

A handwritten signature in black ink, appearing to read "Jennifer Dang", with a long, sweeping horizontal line extending to the right.

Jennifer Dang, NPAC State Director



## **Hawai'i Primary Care Association**

345 Queen Street | Suite 601 | Honolulu, HI 96813-4718 | Tel: 808.536.8442 | Fax: 808.524.0347  
www.hawaiipca.net

### **Senate Committee on Health**

The Hon. Josh Green, MD, Chair

The Hon. Clarence K. Nishihara, Vice Chair

## **Testimony in Support of Senate Bill 1179 RELATING TO TAXATION**

**Submitted by Beth Giesting, Chief Executive Officer  
February 16, 2011 2:45 p.m. Agenda, Room 229**

The Hawai'i Primary Care Association asks for your support for this measure, which would impose a new tax on sugary beverages and establish a fund for children's health with the proceeds. We believe that this measure would increase public awareness about the affect on health of these drinks. The obesity epidemic in our state and nation now warrants attention to poor nutritional habits, such as over-consumption of sugar. This measure will also help address the dire oral health status of children in Hawaii.

We are especially pleased that funds collected from this tax would go toward improving the health of Hawaii's children. Not only do our keiki need and deserve more attention paid to their health but the investment now will reap personal and public benefits for years to come with improved self-esteem, good health, and productivity.

Thank you for this opportunity to testify in support of this measure.

February 14, 2011



[www.itoen.com](http://www.itoen.com)

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
125 PUUHALE ROAD  
HONOLULU, HI 96819  
TEL 808 847 4477  
FAX 808 841 4384

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. in the Warehouse department. We are a local beverage manufacturer in Kalihi and have been in business here since 1987. We have 70 employees.

As a warehouse worker, my job depends on our customers who buy our products which include Aloha Maid Juice and ice teas, Royal Mills iced coffees, ALO drinks, Purple Stuff and other soft drinks. A new tax would unfairly target our beverage industry, drive up the cost of groceries and result in lower sales which would jeopardize my job.

Furthermore, a discriminatory tax on beverages does not teach people how to live healthier. Parents and caregivers are responsible for teaching children about healthy diet, exercise and moderation.

Thank you for the opportunity to submit testimony.

Sincerely,

Mike Labrador

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

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FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. which has been doing business in Hawaii since 1987. We are one of a handful of local beverage manufacturers and distributors in Hawaii. Our factory is located in Kalihi and our product lines include Aloha Maid juices, ITO EN iced teas and Royal Mills iced coffees. We also import and distribute many other canned and bottled soft drinks throughout the state and overseas. ITO EN (USA) Inc. currently employs 70 local workers.

I strongly oppose SB1289. It will hurt our business and the jobs and livelihoods of our workers. Consumers who are already dealing with higher prices and limited incomes may make the decision to not buy our drinks. With decreased consumer demand on our products, beverage manufacturers will be forced to lay off workers. This is counter productive to the sacrifices and the efforts we have been making to spur revenues and job growth.

Thank you for the opportunity to submit testimony.

Sincerely,

Wendy K. Chuck  
Human Resources Manager

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

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FAX 718 246 1325

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

As a Hawaii beverage manufacturer we pride ourselves in employing local workers who make, sell and distribute soft drinks enjoyed by the people of Hawaii. I am strongly against SB1289 and any bill that proposes a new beverage tax on soft drinks. The burden of a new beverage tax would be yet another cost for our business and our customers to bear.

With unemployment as high as it is, now is not the time for a new tax on common grocery items such as soft drinks. Higher prices at the check out counter only make it harder for families to make ends meet. A beverage tax passed on to the consumer would result in lower demand for our products and could place our business and our jobs at risk.

The livelihoods of our employees are depending on you to do the right thing by rejecting any new tax proposals on beverages. Thank you for the opportunity to submit testimony.

Sincerely,

Clarence Takahashi  
Vice President, Sales



February 14, 2011



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Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

My name is Leighton Horiuchi, and I am the President of ITO EN (USA) Inc. We are a local beverage manufacturer and distributor of soft drinks doing business in Kalihi since 1987. We currently employ 70 workers. Our product line includes Aloha Maid fruit drinks and iced teas and Royal Mills iced coffees. We also distribute many other soft drinks throughout the state.

I strongly oppose Sb1289. Imposing a new beverage tax would hurt local jobs like ours. The livelihoods of our employees depend on the sale of our beverages. Singling out the beverage industry this way is unfair and will put our business at risk.

A new tax is not the answer in this economy. Unemployment is already high and adding a new tax on common grocery items like beverages will lead to higher prices at the check out counter and make it harder for families to make ends meet.

We are one of just a handful of local beverage manufacturers remaining in Hawaii. Our employees have worked so hard to cut costs, spur revenues and keep their jobs in this tough economy. A beverage tax would be counter productive to our efforts.

Thank you for the opportunity to submit testimony.

Sincerely,

Leighton Horiuchi  
President

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

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RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice  
Chair, and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. We are a local beverage  
manufacturer in Kalihi and have been in business here since 1987.  
We have 70 employees.

I oppose any new tax on beverages. A tax like this will hurt my  
job. Singling out soft drinks for a new tax doesn't make good  
business sense. As an employee of this company, I am very  
concerned because this tax is discriminatory; targeting the drinks  
we make and deliver around the island - Aloha Maid fruit juices,  
Royal Mills iced coffees, and other soft drinks. Any beverage tax  
will hurt thousands of working people, including plant workers like  
me, and my fellow delivery drivers, production workers, sales  
people, and warehouse workers.

Furthermore, I think a discriminatory tax on beverages does not  
teach people how to live healthier, how to avoid diabetes, obesity  
and how to eat a balance diet.

Thank you for the opportunity to submit testimony.

Sincerely,

Pearlette Togiai

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice  
Chair, and Members of the Senate Committee on Health:

I am employed with ITO EN (USA) Inc. We are a local beverage  
manufacturer in Kalihi with about 70 employees.

I am strongly against any new beverage taxes. I was shocked to  
hear about this measure. It is unfair and discriminates against our  
industry by singling out soft drinks for new taxes on top of the  
general excise tax we already pay for these products and  
everything that goes into producing them.

A new tax is bad for our economy. Unemployment is so high and  
the economy is unsteady. The last thing we need is to have a tax  
added to our grocery bill on top of the general excise tax. A new  
tax would result in shrinking sales that would hurt small retailers  
we sell to.

Furthermore, I do not believe that a new tax will improve the public  
health. A tax cannot teach people how to live healthier lives.

Thank you for the opportunity to submit my testimony

Sincerely,



Jason Murata

February 14, 2011



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Wednesday February 16, 2011, 2:45 p.m.  
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RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

I oppose and new taxes on soft drinks. I am a delivery driver and I work for ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi and have been in business here since 1987. We have 70 employees.

A new tax on soft drinks would hurt local businesses. Such a tax directly impacts the price of the products we manufacture and deliver here in Hawaii, and will hurt families who are already having a hard time affording groceries. Placing a new tax on grocery items like soft drinks will only drive up the cost of groceries and could cost us our jobs.

Furthermore, I think a discriminatory tax on beverages does not teach people how to live healthier, how to avoid diabetes, obesity and how to eat a balance diet.

Thank you for the opportunity to submit testimony.

Sincerely,

Fortunato "George" Sapla

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

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RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I am employed with ITO EN (USA) Inc. as a delivery driver. We are a local  
beverage manufacturer in Kalihi and have been in business here since 1987.

I oppose any new tax on beverages. As an employee of this company, I am  
troubled about our lawmakers' proposals to tax common grocery items such as  
soft drinks. This tax is discriminatory; and hurts our business. We make and  
delivery Aloha Maid fruit juices, Royal Mills iced coffees, and other soft drinks  
to customers around the island. My job depends on our customers' demand for  
our beverages and I believe a new beverage tax would result in lower demand  
for our products and place my job and my co-workers' jobs at risk.

Furthermore, our beverages are not "harmful to human health". I think a  
discriminatory tax on beverages does not teach people how to live healthier,  
how to avoid diabetes, obesity and how to eat and drink in moderation. I can  
decide for myself what to buy, I don't need the government to interfere and get  
involved in decisions that should be made by families.

Thank you for the opportunity to submit testimony.

Sincerely,

George Lacro

February 14, 2011



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Wednesday February 16, 2011, 2:45 p.m.  
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RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I am employed with ITO EN (USA) Inc. as a delivery driver.  
We are a local beverage manufacturer in Kalihi and have been  
in business here since 1987.

I am opposed to any new tax on beverages. A new tax is bad  
for our economy. At a time when unemployment is high and  
the economy is unsteady, adding a new tax on soft drinks will  
put jobs like mine at risk.

I don't think a discriminatory tax on beverages will teach  
people how to avoid diabetes, obesity and how to eat and drink  
in moderation. I can decide for myself what to buy, I don't  
need the government to interfere and get involved in decisions  
that should be made by families.

Thank you for the opportunity to submit testimony.

Sincerely,

Dominador Beltran, Jr.

February 14, 2011



[www.itoen.com](http://www.itoen.com)

ITO EN (USA) INC.  
125 PUUHALE ROAD  
HONOLULU, HI 96819  
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FAX 808 841 4384

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
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TEL 718 250 4000  
FAX 718 246 1325

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Health

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I am strongly opposed to any new beverage tax. I am happy to say that I have just started my career with ITO EN (USA) Inc. However, I am troubled to hear about measures to impose a new soft drink tax.

A new beverage tax would place my job at risk. With so many families struggling to make ends meet in this economy, they may decide to forgo purchasing soft drinks which would result in shrinking sales for us.

I do not believe that a new tax will teach people to change their diet or live healthier lives. People do not need the government influencing their decision on what to eat or drink.

Thank you for the opportunity to submit my testimony.

Sincerely,

Scott Hirashima

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposed to SB 1179 - Relating to Health

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice  
Chair, and Members of the Senate Committee on Health:

I work in the Sales Department at ITO EN (USA) Inc. We are a  
local beverage manufacturer in Kalihi with about 70 employees.

I am against any new taxes on soft drinks. Such a tax is  
discriminatory – it unfairly singles out our industry and targets the  
products we manufacture, sell and distribute everyday. Such a tax  
would lead to higher prices and hurt our customers, which would  
place my job at risk.

Furthermore, a new tax will not solve public health issues. It will  
not teach people how to have a healthier lifestyle. I can decide for  
myself what to buy at the grocery store and I don't need the  
government trying to influence my decision about what to eat or  
drink.

Thank you for the opportunity to submit my testimony

Sincerely,

Mike Tamanaha



February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
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FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I am against any new beverage tax. I work in the Sales Department at ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi since 1987 with about 70 employees. We make Aloha Maid fruit juices, iced teas, iced coffees, and many more soft drinks.

A new beverage tax is discriminatory. It targets our industry and our jobs. Such a tax would impact nearly every product line I sell in the form of higher prices at the check out counter. Higher prices hurt our customers and hurt our jobs.

A new beverage tax does not solve the public health issues such as childhood obesity and diabetes. These are serious health issues and parents and caregivers should be the ones responsible for helping children make smart decisions about diet, exercise and moderation.

Thank you for the opportunity to submit my testimony.

Sincerely,

Henry Lum

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I work in the Sales Department at ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi since 1987 with about 70 employees. We make Aloha Maid fruit juices, iced teas, iced coffees, and many more soft drinks.

I am against any new beverage tax, it would place my job at risk. Our customers will have to pay more for our drinks and may decide not to buy them at all. Simply put, lower sales would put my job in danger.

The last thing we should be doing is imposing a new tax on common grocery items such as soft drinks. Families hit hard by the unsteady economy are trying hard to make ends meet. A new tax now will over burden them.

Thank you for the opportunity to submit my testimony.

Sincerely,

Tracy Amimoto-Combis

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I am opposed to any new beverage tax. I work in the Sales Department at ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi.

A new beverage tax that singles out soft drinks and other beverages is discriminatory. Targeting soft drinks, iced teas and other drinks we enjoy as refreshment will hurt hard working people of our state. Lawmakers should not unfairly single out items in our grocery cards for new taxes that will lead to higher prices at the check out counter.

A new beverage tax targets almost all the items that I see every day. My customers will be hurt by higher prices, and our sales could suffer, which would place my job at risk.

Thank you for the opportunity to submit my testimony.

Sincerely,

Calvin Chun

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

I am a delivery driver and I work for ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi and have been in business here since 1987. We have 70 employees.

I am against any new tax on beverages. Targeting soft drinks and for a new tax is discriminatory and regressive. It directly hits the products we manufacture and deliver here in Hawaii. A tax like this will hurt families who are already having a hard time affording groceries. Lawmakers should not unfairly single out items like soft drinks for a new tax that will lead to higher prices.

Furthermore, I think a discriminatory tax on beverages does not teach people how to live healthier, how to avoid diabetes, obesity and how to eat a balance diet.

Thank you for the opportunity to submit testimony.

Sincerely,

Jason Jones

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Health

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work at ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi since 1987 with about 70 employees. We make Aloha Maid fruit juices, iced teas, iced coffees, and many more soft drinks.

I strongly oppose any new beverage taxes. A new beverage tax would put my job at risk. In this economy, so many of us are struggling to make ends meet. A new tax on beverages could devastate our sales and end up costing us our jobs.

I do not think that a new tax will improve the public health. A new tax cannot teach people how to live healthier lives or make healthy choices in their diet.

Thank you for the opportunity to submit my testimony

Sincerely,

Mike Bunda

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice  
Chair, and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. We are a local beverage  
manufacturer in Kalihi with about 70 employees.

I am strongly against any new beverage taxes. A new tax hurts  
people who can least afford it – middle and lower income families  
who are already having a hard time making ends meet. Families  
are already stretching their grocery dollars to keep up with the bills.  
During this tough economy, a new tax will hurt these families the  
most.

Furthermore, a new tax will not solve public health issues. It will  
not teach people how to have a healthier lifestyle. I can decide for  
myself what to buy at the grocery store and I don't need the  
government trying to influence my decision about what to eat or  
drink.

Thank you for the opportunity to submit my testimony

Sincerely,

Brian Lee-Gustilo

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to *Taxation*

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I am employed with ITO EN (USA) Inc. as a delivery driver.  
We are a local beverage manufacturer in Kalihi and have been  
in business here since 1987.

I am opposed to any new tax on beverages. It is unfair to  
target the soft drink industry for a tax. Our products will be  
affected and my job and my company could be at risk when  
sales start to shrink.

A discriminatory tax on soft drinks does not educate people  
how to avoid diabetes, obesity and how to eat and drink in  
moderation. I can decide for myself what to buy, I don't need  
the government to interfere and get involved in decisions that  
should be made by families.

Thank you for the opportunity to submit testimony.

Sincerely,

  
Flo Punio

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

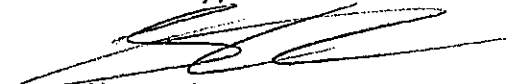
I work for ITO EN (USA) Inc. as a delivery driver. We are a local soft drink manufacturer in Kalihi and have been in business here since 1987.

I am opposed to any new tax on beverages. A tax such as this will increase my customers' costs at a time when people and businesses are already having difficulty making ends meet. A soft-drink tax is unfair, it singles out our industry and places my job at risk.

A discriminatory tax on beverages will not teach people how to avoid diabetes, obesity and how to eat and drink in moderation.

Thank you for the opportunity to submit testimony.

Sincerely,



Shawn Lono



February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

I am employed at ITO EN (USA) Inc. in our Warehouse department. ITO EN is a local beverage manufacturer in Kalihi and has been in business here since 1987. We have 70 employees.

I am against any new beverage tax, as it would place my job at risk. Our customers will have to pay more for our drinks or may decide not to buy them at all. Lost sales would put my job in danger, and I cannot afford that to happen.

The last thing we can afford here in Hawaii is a new tax on beverages like soft drinks. We are struggling to pay bills as it is – asking lower and middle class families to pay more in taxes is a bad idea. A new tax now will over burden families that are struggling.

Thank you for the opportunity to submit my testimony.

Sincerely,

Jubentino Candanosa

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to *Taxation*

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice  
Chair, and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. We are a local beverage  
manufacturer in Kalihi and have been in business here since 1987.  
We have 70 employees.

I oppose any new tax on beverages. A tax like this will hurt my  
job. A discriminatory tax on our soft drinks doesn't make good  
business sense. As an employee of this company, I am troubled  
because such a tax targets the drinks we make and deliver around  
the island - Aloha Maid fruit juices, Royal Mills iced coffees, and  
other soft drinks. Any beverage tax will hurt thousands of working  
people, including plant workers like me, and my fellow co-workers.

Thank you for the opportunity to submit testimony.

Sincerely,

Glenn Nakasato

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
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RE: Opposition to SB 1119 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. as a delivery driver. We are a local beverage manufacturer in Kalihi and have been in business here since 1987. We have 70 employees.

I am against any new tax on beverages. As an employee of this company, I am very concerned because this tax is discriminatory; targeting the drinks we make and deliver around the island - Aloha Maid fruit juices, Royal Mills iced coffees, and other soft drinks. My income depends on our customers' demand for our products. I believe a new beverage tax would result in lower demand for our products and place my job and my co-workers' jobs at risk.

Furthermore, I think a discriminatory tax on beverages does not teach people how to live healthier, how to avoid diabetes, obesity and how to eat a balance diet.

Thank you for the opportunity to submit testimony.

Sincerely,

Nicasio Rediros

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. in the Distribution Department.  
ITO EN is a local soft drink manufacturer in Kalihi and has been  
in business here since 1987.

I am opposed to any new tax on beverages and I am troubled  
to hear of this proposal. I believe it is unfair to target the  
products in our industry for a new tax. A soft drink tax would  
be passed on to customers and would result in lower demand  
for our products which could place our business and our jobs at  
risk.

Furthermore, a discriminatory tax on beverages does not  
educate people how to avoid diabetes, obesity and how to eat  
and drink in moderation.

Thank you for the opportunity to submit testimony.

Sincerely,

Toby Sato

February 14, 2011



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ITO EN (USA) INC.  
125 PUUHALE ROAD  
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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara,  
Vice Chair, and Members of the Senate Committee on Health:

I am employed with ITO EN (USA) Inc. as a delivery driver.  
We are a local beverage manufacturer in Kalihi and have been  
in business here since 1987.

I am opposed to any new tax on beverages. As a delivery  
driver I am very troubled to hear of proposals to add a new tax  
to soft drinks. My job is to deliver soft drinks to our  
customers, and I feel this tax unfairly singles out our industry  
and places my job at risk.

I also don't think a discriminatory tax on beverages will teach  
people how to avoid diabetes, obesity and how to eat and drink  
in moderation. I can decide for myself what to buy, I don't  
need the government to interfere and get involved in decisions  
that should be made by families.

Thank you for the opportunity to submit testimony.

Sincerely,

John Bugarin

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
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BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. in the Production department. We are a local  
beverage manufacturer in Kalihi and have been in business here since 1987.  
We have 70 employees.

I oppose any new tax on beverages. As an employee of this company, I am  
very concerned because this tax singles out the Aloha Maid fruit juices, Royal  
Mills iced coffees, and other soft drinks we make here everyday in our plant.  
My livelihood depends on our customers' demand for our products. A  
beverage tax is discriminatory – unfairly targeting our industry. I believe a new  
beverage tax would result in lower demand for our products and place my job  
and my co-workers' jobs at risk.

In addition, placing a discriminatory tax on beverages does not teach people  
how to live healthier. Parents and caregivers are responsible for teaching  
children about healthy diet, exercise and moderation.

Thank you for the opportunity to submit testimony.

Sincerely,

Caney Mills

February 14, 2011



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125 PUUHALE ROAD  
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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. in the Production department. We are a local  
beverage manufacturer in Kalihi and have been in business here since 1987.  
We have 70 employees.

I oppose a new tax on beverages. I believe it would result in lower demand for  
our products and place my job at risk.

I also believe a beverage tax on soft drinks would result in higher grocery  
prices for my family and for our customers who enjoy the beverages we make.  
A new tax hits the hardest at those who can least afford it. Middle and lower  
income families are already having a hard time making ends meet in this  
economy. We are already stretching our grocery dollars to keep up with bills.  
During tough times like this adding a new tax will hurt our families.

Placing a discriminatory tax on beverages does not teach people how to be  
healthier. As parents, it is our responsibility to teach our children about healthy  
diet, exercise and moderation.

Thank you for the opportunity to submit testimony.

Sincerely,

Hanin Davalos

February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. in our Production department. ITO EN is a local beverage manufacturer in Kalihi and has been in business here since 1987. We have 70 employees.

I oppose any new tax that singles out soft drinks. As a beverage manufacturer, my job and my employees' jobs will be negatively affected by a new soft drink tax. Our customers who enjoy our drinks will have to pay more for them or they may decide not to buy them at all. Lower demand for our drinks would slow down our production and force us to cut back on staff.

Furthermore, a beverage tax will not teach people how to avoid obesity or diabetes. These are serious health problems that are best managed by individuals making personal commitments to take care of their health – such as a balanced diet, proper exercise and moderation.

Thank you for the opportunity to submit my testimony.

Sincerely,

Makoto Ogi  
Plant Manager



February 14, 2011



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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
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TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. in the Production Department. We are a local beverage manufacturer in Kalihi and have been in business here since 1987. We have 70 employees.

I am very concerned about the proposal adding a new beverage tax. A tax like this would result in higher grocery prices for my family and for our customers who enjoy the beverages we make. I am worried our sales will suffer and my job could be at risk.

Placing a discriminatory tax on beverages does not teach people how to have a healthier lifestyle. Parents and caregivers are responsible for helping children make healthy decisions about diet, exercise and moderation.

Thank you for the opportunity to submit testimony.

Sincerely,

Diosdado Pananganan



February 14, 2011

[www.itoen.com](http://www.itoen.com)

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
125 PUUHALE ROAD  
HONOLULU, HI 96819  
TEL 808 847 4477  
FAX 808 841 4384

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. We are a local soft drink manufacturer in Kalihi and have been in business here since 1987. We have 70 employees.

I oppose any new taxes on soft drinks. I work in our production plant and make soft drinks such as Aloha Maid fruit juices and iced teas, and Royal Mills iced coffees. Many families, including my own enjoy the soft drinks we make and a new tax on soft drinks would directly impact the price our drinks. Our customers will have to pay more for their drinks or may decide to not buy them as much. Lost sales would put my job and my company at risk.

Furthermore, I think a discriminatory tax on beverages does not teach people how to live healthier, how to avoid diabetes, obesity and how to eat a balance diet.

Thank you for the opportunity to submit testimony.

Sincerely,

Dennis Tee Sy

February 16, 2011



[www.itoen.com](http://www.itoen.com)

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

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Wednesday February 16, 2011, 2:45 p.m.  
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45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to *taxation*

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I am employed at ITO EN (USA) Inc. in the Production Department. ITO EN is a local soft drink manufacturer in Kalihi and has been in business here since 1987. We have 70 employees.

I am against any new taxes on soft drinks. I believe a new tax would result in lower demand for our products and place my job at risk.

I also believe a beverage tax on soft drinks would result in higher grocery prices for my family and for our customers who enjoy the beverages we make. A new tax hits the hardest at those who can least afford it. Middle and lower income families are already having a hard time making ends meet in this economy. We are already stretching our grocery dollars to keep up with bills. During tough times like this adding a new tax will hurt our families.

Furthermore, I think a discriminatory tax on beverages does not teach people how to live healthier, how to avoid diabetes, obesity and how to eat a balance diet.

Thank you for the opportunity to submit testimony.

Sincerely,

Gerry Gabato



February 14, 2011

TO: Senator Josh Green, M.D., Chair, Senator Clarence K. Nishihara, Vice Chair and  
Members of the Committee on Health

FROM: Jackie Berry, Executive Director

RE: **SB 1179 Relating to Taxation**

Hearing: Wednesday, February 16, 2011 at 2:45pm

Honorable Chairperson Green, Vice Chairperson Nishihara and Members of the Committee on Health

HMHB is a statewide coalition of public and private agencies and individuals committed to the improvement of maternal and infant health status in Hawaii through education, coordination and advocacy. **HMHB is testifying today in support of SB 1179 to establish a tax on the sale of sugar sweetened beverages in the State of Hawaii.** Sugar sweetened beverages with little or no nutrition are staples of today's diet. These beverages are inexpensive, in abundant supply, and appeal to our taste for sugar. They are heavily marketed, especially to children; and more than any category of foods are associated with poor diet, increasing rates of obesity, and risk for diabetes. A 2004 study found that soft drinks are the single largest contributor of calorie intake in the United States.

Taxes on soft drinks raise much needed revenue for programs directed toward children to promote healthy eating and decreasing the rising rates of obesity. They also have the possibility of changing consumption by raising awareness about the effects of high sugar consumption on health.

We urge you support of this bill.

Mahalo for your consideration of this bill and our testimony.

845 22<sup>nd</sup> Avenue, Honolulu, Hawaii 96816  
Phone # (808) 737-5805  
E-mail: [jackieb@hmhb-hawaii.org](mailto:jackieb@hmhb-hawaii.org) website: [www.hmhb-hawaii.org](http://www.hmhb-hawaii.org)

February 14, 2011



[www.itoen.com](http://www.itoen.com)

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair  
and Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. which has been doing business in Hawaii since 1987. We are a local beverage manufacturer and distributor in Kalihi.

I strongly oppose any new tax on beverages. In this tough economy, consumers are already struggling with limited incomes and high grocery prices. Adding a new tax to soft drinks could result in less demand for our products, lost business and lost jobs.

There are only a few beverage manufacturers in Hawaii. We'd like to continue to stay in business in Hawaii, keep local people in their jobs and sell products made in Hawaii. I ask you to reject any measures that would add a new beverage tax in Hawaii.

Thank you for the opportunity to submit testimony.

Sincerely,

  
Frank Sakamoto

February 14, 2011



[www.itoen.com](http://www.itoen.com)

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair,  
and Members of the Senate Committee on Health:

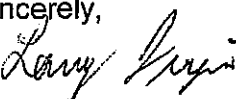
I work for the Sales Department of ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi and have been in business here since 1987.

As a sales worker, my job depends on our customers who buy our products which include Aloha Maid Juice and ice teas, Royal Mills iced coffees, ALO drinks, Purple Stuff and other soft drinks. A new tax on beverages would unfairly target our industry, drive up the cost of groceries and result in lower sales which would put my job at risk.

Furthermore, a discriminatory tax on beverages does not teach people how to live healthier. Parents and caregivers are responsible for teaching children about healthy diet, exercise and moderation.

Thank you for the opportunity to submit testimony.

Sincerely,

  
Larry Fujino

February 14, 2011



[www.itoen.com](http://www.itoen.com)

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

ITO EN (USA) INC.  
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Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

ITO EN (NORTH AMERICA) INC.  
45 MAIN STREET, SUITE 3A  
BROOKLYN, NY 11201  
TEL 718 250 4000  
FAX 718 246 1325

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair, and  
Members of the Senate Committee on Health:

I work at ITO EN (USA) Inc. in our Sales department. Our company manufactures, sells and distributes Aloha Maid Juices, iced teas, Royal Mills iced coffees, and many other soft drinks.

I am opposed to any new taxes on soft drinks. I was appalled to hear of this legislation – I believe it unfairly targets our industry and puts my job in sales at risk. A beverage tax passed on to the consumer would result in lower demand for our products and could place our business and our jobs at risk.

I don't believe that a new tax will help to solve public health issues. I am able to decide for myself what to buy for my family, I don't need the government to interfere in my decision about what to eat or drink.

Thank you for the opportunity to submit my testimony

Sincerely,

Evan Ito

February 14, 2011



[www.itoen.com](http://www.itoen.com)

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Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposed to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice  
Chair, and Members of the Senate Committee on Health:

I am employed at ITO EN (USA) Inc. in the sales department. We  
are a local beverage manufacturer in Kalihi and have been in  
business here since 1987. We have 70 employees.

As part of my job, everyday I service the stores that carry our  
products - Aloha Maid Juice and ice teas, Royal Mills iced coffees,  
ALO drinks, and other soft drinks. A new beverage tax would be  
passed on to my customers and would hurt our sales, putting my  
job at risk.

I also do not think that placing a tax on beverages teaches people  
how to live healthier. Parents and caregivers are responsible for  
teaching children about healthy diet, exercise and moderation.

Thank you for the opportunity to submit testimony.

Sincerely, 

Daniel Fuchino



**green1 - Karen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 14, 2011 10:22 PM  
**To:** HTHTestimony  
**Cc:** npacgoodlife@gmail.com  
**Subject:** Testimony for SB1179 on 2/16/2011 2:45:00 PM

Testimony for HTH 2/16/2011 2:45:00 PM SB1179

Conference room: 229  
Testifier position: support  
Testifier will be present: No  
Submitted by: Kathie Pomeroy, N.D.  
Organization: Hawaii County Nutrition and Physical Activity Coalition  
Address:  
Phone:  
E-mail: [npacgoodlife@gmail.com](mailto:npacgoodlife@gmail.com)  
Submitted on: 2/14/2011

**Comments:**

The Hawaii County Nutrition and Physical Activity Coalition (NPAC) is in favor of this bill. It is an important step in the national trend to fight childhood obesity. Please vote in favor of this bill.

Thank you,  
Kathie Pomeroy  
NPAC Coordinator for Hawaii County

Senator Josh Greene, Chair Senate Health Committee  
Senator Clarence Nishimura, Vice Chair Senate Health Committee

Re: SB 1179 Relating to Health

February 14, 2011 @ 2:45 pm  
Room 229

Gail Breakey, Executive Director  
Hawaii Family Support institute

Good afternoon Senator Green, Senator Nishihara and members of the Senate Health Committee. I am Gail Breaker, Director of the Hawaii Family Support Institute, testifying in support of SB 1179. This bill would increase the liquor tax and assess a small sugary beverage fee as a measure to reduce the negative impact of these substances upon health particularly related to obesity and to increase revenues.

We hope that this bill will allocate a small portion of revenues from sale of sodas and to a special fund, to be expended on prevention and safety net human services. There are a number of reasons why this is a good idea.

First of all, the current economic downturn has resulted in a major budget deficit, having a major impact upon community services. Here is already a significant loss of too many community services which are important to the safety, well being and development of children, youth, the elderly, and those who are suffering from the economic downturn. We cannot afford to keep cutting these services which not only meet many human needs but also are a source of employment which is important in economic downturn. We must develop some reasonable producing streams which can maintain these services while causing the least inconvenience to those taxed.

Second, the amount of the tax is so minimal that it will not seriously affect anyone. Those who want to purchase these drinks despite the growing body of literature on the negative health impact of many of these beverages can find these readily available at reduced cost at the big box stores such as COSTCO.

Over time, this small tax distributed over thousands of people can result in a significant sum which can help maintain desperately needed prevention and human safety net services. Many of the issues which can be addressed by prevention and safety net services have a significant negative effect upon health of the individuals involved, for example, early childhood abuse and neglect, sexual abuse and domestic violence have disabling physical and mental health effects upon the victim which can last a lifetime. The Adverse Childhood Experiences study

showed high correlation between early trauma, neglect, living with an addicted person, having a parent incarcerated with many costly health issues, such as smoking, IV drug use, obesity, diabetes, heart and lung disease and other health and social problems.

It makes sense to establish a tax on widely consumed items which have a negative effect upon health to support services which are needed for prevention, treatment and support services for those in need.

Thank you for the opportunity to testify on this legislation.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)  
1050 Bishop St. Box 235  
Honolulu, HI 96813  
Fax : 808-791-0702  
Telephone : 808-533-1292

DATE: Wednesday February 9 2011 TIME: 2:45 p.m PLACE: CR 229

TO: COMMITTEE ON HEALTH

Senator Josh Green, MD, Chair; Senator Clarence Nishihara, Vice Chair

FROM: Hawaii Food Industry Association - Lauren Zirbel, Government Relations

RE: SB 1179 RELATING TO TAXATION

Thank you Chair Green, Vice Chair Nishihara and committee members for the opportunity to testify.

HFIA strongly opposes this bill.

**The legislature must stop taxing groceries. It is the most unfair and regressive way to fill the budget deficit.**

The beverage industry is already doing more than its fair share to raise money for the State of Hawaii. The bottle bill has cost the industry a significant amount of profit percentage in surcharges and reduced sales. **Please don't pass on the tab for the budget deficit to the food and beverage industry.**

There is no empirical evidence supporting the argument that a soda tax will reduce consumers' collective calorie intake.

Although our consumption of soda has increased, soda still only represents 7 percent of our collective energy intake.

In an article recently published by STATS.org, Trevor Butterworth stated that while public health experts argue that a tax on sugared soda could help curb obesity, economists are unconvinced. He went on to explain that there is no evidence of a linear relationship between soda and obesity.



## Testimony in Support of SB1179

Name: May Okihiro, MD MS

Director: Hawaii Initiative for Childhood Obesity Research and Education (HICORE)

Assistant Professor: University of Hawaii John A. Burns School of Medicine

Pediatrician: Waianae Coast Comprehensive Health Center

Chair: Hawaii Nutrition and Physical Activity Coalition Healthcare Taskforce

Measure: SB1179, Related to Health

Committee on Health

Senator Josh Green, Chair

Senator Clarence K. Nishihara, Vice Chair

Date: Wednesday, February 16, 2011

Childhood obesity is a critical problem in Hawaii. A study of students entering public school kindergarten showed 28.5% of our keiki at 4-5 years of age are overweight or obese. The problem was worse in many rural and low-income communities, especially on the neighbor islands, where over 40% of kindergarten keiki were already overweight or obese.<sup>1</sup> In addition, Hawaii's children have some of the highest rates of dental caries in the nation.<sup>2</sup>

### ***Highlights of research related to Sugar Sweetened Beverages and Health:***

- A 2004 study found that soft drinks are the single largest contributor of calorie intake in the United States<sup>3</sup>
- Soda demineralizes and weakens tooth enamel. Research supports that soft drinks increase the incidence of tooth decay and that decreasing consumption decreases dental caries.<sup>4-5</sup>
- Sugar-sweetened beverage consumption is highest among groups that are at greatest risk of obesity and type 2 diabetes.<sup>6</sup>
- For children, each extra can or glass of sugar-sweetened beverage consumed per day increases their chance of becoming obese by 60%.<sup>7</sup>
- Sugar sweetened beverage intake is a significant contributor to weight gain and can lead to increased risk of T2DM and cardiovascular disease.<sup>8</sup>
- Early intake of sweetened beverages predicts adiposity and weight status across childhood and adolescence.<sup>9</sup>

The impact of sweetened beverage consumption on the health of our families is unmistakable but the issue to our families is less clear. Some recent remarks by my patients and their parents in my everyday discussions with them about health and nutrition:

- "My son doesn't drink any water. He only drinks soda or juice."
- "Capri Sun is healthy – that's what the commercial said."
- "I don't buy soda. I only buy him Vitamin Water or Arizona Tea"
- "I usually only drink one soda a day" (medium at McDonald's – 21 oz, 69 grams of sugar).
- "We don't buy soda, only the big carton of juice or iced tea. It's so cheap and it's healthy. It's what they want."



#### References:

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3. Foods contributing to energy intake in the US: Data from NHANES III and NHANES 1999-2000. *Journal of Food Consumption and Analysis*, 17, 439-447.
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February 15, 2011

To: Sen. Josh Green  
Sen. Clarence Nishihara

From: Kent Kurihara  
Hawaiian Sun Products, Inc.

Hawaiian Sun Products, Inc. strongly opposes SB1179 regarding a tax on Sugary Foods. The points of contention are no different than those highlighted in the discussion over SB1289 last week.

**LOCAL JOBS AND PAYCHECKS ARE AT RISK** - Our company employs and cares for over 115 hard-working individuals, and by extension, their families as well. I am certain that with any more taxes on our industry and the subsequent loss in sales, we will be forced to lay off workers, and reduce the hours for the remaining staff. With the reduction in sales, our budgets for many operations will be reduced, and our Suppliers and Vendors will undoubtedly feel the cutbacks, too. From our fruit farmers on the Big Island, our cane sugar supplier on Maui, to our distributors on all the neighbor islands; from the stock clerks at the biggest retailers, to the neighborhood corner store; from our IT provider, to our janitorial supplier; all will feel the damaging effects of this legislation. Regardless of how big or small the companies affected by this bill are, LOCAL jobs are at stake. The resulting unemployment rise, elevated welfare and assistance payouts, lower average incomes, and reductions in tax revenue hardly seem like a tactic in solving a budget crisis.

**DISCRIMINATORY TAXATION and LIFESTYLE MODIFICATION**— Many factors contribute to our current health issues, including sugar intake in children's diets. But it is improper to lay the blame on any type of food, when the real issue lies with the parents and guardians responsible for providing balanced meals for Hawaii's children. Taxing sugary foods only defers blame and punishment away from the real culprit, attitude and education. It seeks to vilify specific foods and allows consumers to assume that they're not accountable for their own health decisions. There should be a focus on education, not taxation.

People buy what they want to eat and drink. Consumers have the right to choose what they eat without the burden of taxation, or their government trying to make their dietary decisions for them. Currently, with the cooperation of the Food and Drug Administration, we provide as much dietary information as possible on all of our food containers. The consumers have enough information at their disposal to make their own dietary choices. No one can be liable for what they do with that information. Manipulating their dietary lifestyle is certainly not my obligation, and it's certainly not the charge of the Government either.

Sincerely,

Kent Kurihara  
Vice-President  
Hawaiian Sun Products, Inc.

Senator Josh Green, Chair Senate Health Committee  
Senator Clarence Nishimura, Vice Chair Senate Health Committee

Re: SB 1179 Relating to Health

February 16, 2011 @ 2:45 pm  
Room 229

Gail Breakey, Executive Director  
Hawaii Family Support institute

Good afternoon Senator Green, Senator Nishihara and members of the Senate Health Committee. I am Gail Breaker, Director of the Hawaii Family Support Institute, testifying in support of SB 1179. This bill would increase the liquor tax and assess a small sugary beverage fee as a measure to reduce the negative impact of these substances upon health particularly related to obesity and to increase revenues.

We hope that this bill will allocate a portion of revenues from sale of sodas to a special fund, to be expended on early childhood services. There are a number of reasons why this is a good idea.

First of all, the current economic downturn has resulted in a major budget deficit, having a major impact upon community services. There is already a significant loss of too much early childhood services which are important to the safety, well being and development of young children We cannot afford to keep cutting these services which not only meet needs for healthy development of young children but also are a source of employment which is important in economic downturn. We must develop some reasonable revenue producing streams which can maintain these services while causing the least inconvenience to those taxed.

Second, the amount of the tax is so minimal that it should not seriously affect anyone. Costs will be passed on to consumers. Those who want to purchase these drinks despite the growing body of literature on the negative health impact of many of these beverages can find these readily available at reduced cost at the big box stores such as COSTCO.

Over time, this small tax distributed over thousands of people can result in a significant sum which can help maintain much needed prevention, child health and development services. Many of the issues which can be addressed by prevention and child health and development have a significant negative effect upon health of the individuals involved, for example, early childhood abuse and neglect, sexual abuse and domestic violence have disabling physical and mental health effects upon the victim which can last a lifetime. The Adverse Childhood Experiences study showed high correlation between early trauma, neglect, living with an



addicted person, having a parent incarcerated with many costly health issues, such as smoking, IV drug use, obesity, diabetes, heart and lung disease and other health and social problems.

It makes sense to establish a tax on widely consumed items which have a negative effect upon health to support services which are needed for prevention, treatment and support services for those in need.

Thank you for the opportunity to testify on this legislation.



**Written Testimony of  
David Thorp  
American Beverage Association**

**Before the Hawaii Senate Committee on Health  
Opposition to S.B. 1179 – Relating to Taxation**

**February 16, 2011**

Good afternoon, Chairman Green, Vice Chair Nishihara and Members of the Committee. Thank you very much for the opportunity to present comments on S.B. 1179.

I am David Thorp, director of government affairs for the American Beverage Association (ABA) in Washington, D.C. The American Beverage Association is the trade association representing the non-alcoholic beverage industry. Founded in 1919, ABA represents hundreds of beverage producers, distributors, franchise companies and supporting businesses that employ more than 217,000 people across the country.

ABA members offer consumers myriad brands, flavors and packaging choices and a full range of drink options including soft drinks, diet soft drinks, ready-to-drink teas, bottled waters, water beverages, 100 percent juice, juice drinks, sports drinks and energy drinks.

**Beverage Industry's Impact on Hawaii's Economy:**

The beverage industry is an important part of Hawaii's economy – and one of the few remaining industries still manufacturing on the Islands. Unlike most consumer products, many beverages are manufactured and distributed in Hawaii – and by local workers.

Non-alcoholic beverage companies in Hawaii provide more than 1,000 good-paying jobs across our state and help to support many thousands more workers in restaurants, grocery stores and more that depend, in part, on beverage sales for their livelihood.

**Obesity is a Complex Problem with No Simple Solution**

Many factors contribute to obesity and related health problems. Singling out one particular product for taxation isn't going to make a dent in a problem as complex as obesity. If Hawaii citizens want to get serious about obesity, we need to encourage a balanced diet with sensible consumption of all foods and beverages and promote more physical activity and exercise for all citizens.

**Commonsense tells us – and science proves for us – that taxes do not make people healthier. Making smart, educated decisions about diet and exercise do that.**

**Sugar-sweetened beverages are a small part of the American diet – just 7 percent.**

- All sugar-sweetened beverages (soft drinks, juice drinks, sports drinks, flavored waters, teas, etc.) account for only 7 percent of the calories in the average American's diet. That means Americans get 93 percent of their calories from other foods and beverages. This according to National Cancer Institute data (see attached chart).

**Soft drink sales continue to decline over the past decade while obesity rates continue to increase across the country.**

- Sales of regular soft drinks have declined year-over-year by 12 percent from 2000 to 2009, according to Beverage Digest. Adult and childhood obesity rates continue to rise across the country during that same period, according to the Centers for Disease Control and Prevention.

**The beverage industry has cut the total amount of beverage calories it produces for the marketplace, yet obesity rates continue to climb in America.**

- The total amount of beverage calories industry has brought to market has decreased 21 percent from 1998 to 2008 due to innovation and production of more no-calorie and low-calorie beverages, as well as smaller-portion beverages. This according to Beverage Marketing Corporation data.

**Soda taxes won't work. Taxes don't make people healthier.**

- A review by George Mason University researchers showed that a 20 percent tax on soda would reduce an obese person's Body Mass Index from 40 to 39.98 – an amount not even measurable on a bathroom scale.
- West Virginia and Arkansas are two states with an excise tax on soda, yet both states rank among the 10 states with the highest obesity rates in the country, according to the Centers for Disease Control and Prevention.

**The Public Opposes Discriminatory Taxes on Beverages:**

In 2010, 23 states and cities introduced beverage taxes. In the end, all but one temporary tax in the city of Baltimore failed. Voters and lawmakers across the country are overwhelmingly rejecting these taxes. Since 1992, no state has implemented a new beverage excise tax.

Recognizing that these unfair taxes cause economic damage, eight states repealed their beverage taxes in the 1990s. Also, voters of Washington State in 2010 rejected a beverage tax (over 60%), while 64% of voters in Maine in 2008 rejected that state's attempt to fund healthcare programs with a beverage tax.

The public is sending a consistent, resounding message against discriminatory beverage taxes, making it clear that they are able to make their own decisions about what to eat or drink without government help. A tax on common grocery items like beverages is regressive and disproportionately hurts the most those who can least afford it.

**The beverage industry is taking bold action to do its part to help address obesity:**

To effectively confront the multi-faceted obesity issue, it will require all of us to work together in our respective roles as leaders of industry, government and the health community. The beverage industry supports education and other solutions that work, like our national School Beverage Guidelines and new calorie labeling initiative, *Clear on Calories*.

- Cutting calories available from beverages in schools by 88 percent. Our companies removed full-calorie soft drinks from schools across America, replacing them with lower-calorie beverage choices.
- Placing new labels clearly listing calories on the front of its beverages.
- Producing fewer total beverage calories for the marketplace through the innovation of more zero- and low-calorie beverages. From 1998-2008, industry cut the total beverage calories it brought to market by 21 percent.

**School Beverage Guidelines:**

In 2006, the beverage industry teamed with the Alliance for a Healthier Generation, a joint initiative of the William J. Clinton Foundation and the American Heart Association, to develop National School Beverage Guidelines. These guidelines, which have been fully implemented across America, remove full-calorie soft drinks from all schools and provide students with a broad range of lower-calorie, nutritious, smaller-portion beverage choices. There are now 88% fewer calories from all beverages in schools nationwide and a 95% reduction in full-calorie soft drinks (2004-2009).

**Clear on Calories:**

The beverage industry is committed to being part of the solution to the obesity epidemic. We have teamed up for this *Clear on Calories* initiative in support of First Lady Michelle Obama's "Let's Move" anti-obesity campaign. The beverage industry has come together through a voluntary commitment to make the calories in their products even more clear and consumer-friendly by **putting calorie information at consumers' fingertips at every point of purchase, including containers, company-controlled vending machines and fountain machines**. Consumers will be able to make informed choices about the beverages that are best for themselves and their families at any given time.

**Conclusion**

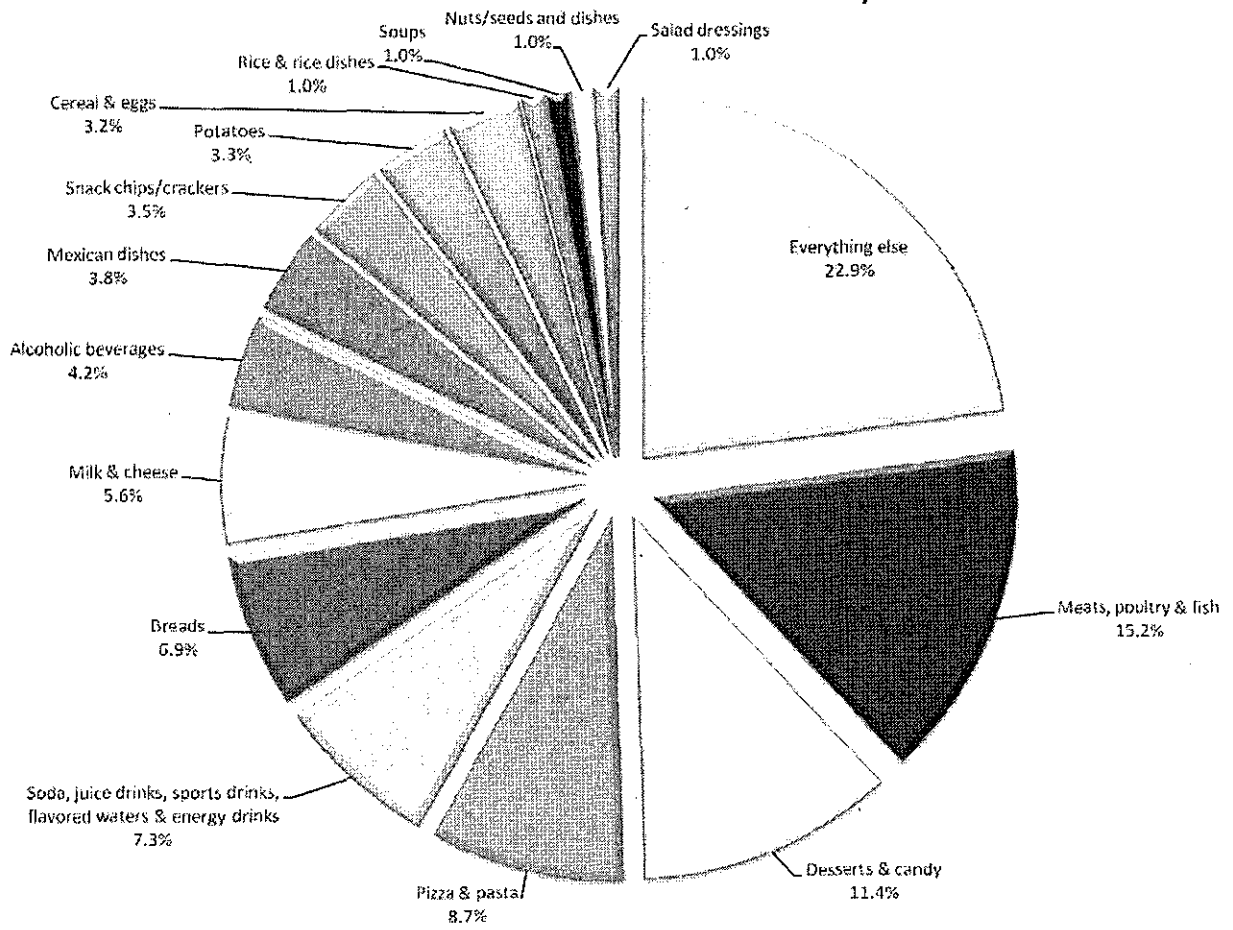
If we really want to have a significant effect on the state's obesity rates, we need to look at comprehensive solutions that will have a meaningful and lasting impact on our citizens, not simplistic approaches targeting one portion of the items in our grocery cart for restrictions or taxation.

A beverage tax unfairly lays the blame for obesity on the consumption of one particular product. Taxing soft drinks or any other single food or food ingredient to pay for health programs is simplistic and unjustified.

We encourage this Committee to reject an inequitable tax on beverages, but instead look to broad-based, comprehensive mechanisms to address the complex problem of obesity.

Sincerely,  
David Thorp  
Director, Government Affairs  
American Beverage Association

**Food Category Sources of Calories based on the National Cancer Institute Re-Analysis of the National Health and Nutrition Examination Survey: 2005-2006**



**green1 - Karen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 15, 2011 3:42 PM  
**To:** HTHTestimony  
**Cc:** susmithmbard@netzero.net  
**Subject:** Testimony for SB1179 on 2/16/2011 2:45:00 PM

Testimony for HTH 2/16/2011 2:45:00 PM SB1179

Conference room: 229  
Testifier position: support  
Testifier will be present: No  
Submitted by: Susan Smith  
Organization: Individual  
Address:  
Phone:  
E-mail: [susmithmbard@netzero.net](mailto:susmithmbard@netzero.net)  
Submitted on: 2/15/2011

**Comments:**

I am a Registered Dietitian who works with children, many of whom are obese, in schools and in the community. I am in support of this bill to tax sweetened beverages and hope that the money will also be used to fund early childhood education/ Early Learning Council programs. Then we can address the problems while they are more cost-effective and easier to improve. Mahalo!

February 15, 2011

To: Sen. Josh Green  
Sen. Clarence Nishihara

From: Kent Kurihara  
Hawaiian Sun Products, Inc.

Hawaiian Sun Products, Inc. strongly opposes SB1179 regarding a tax on Sugary Foods. The points of contention are no different than those highlighted in the discussion over SB1289 last week.

**LOCAL JOBS AND PAYCHECKS ARE AT RISK** - Our company employs and cares for over 115 hard-working individuals, and by extension, their families as well. I am certain that with any more taxes on our industry and the subsequent loss in sales, we will be forced to lay off workers, and reduce the hours for the remaining staff. With the reduction in sales, our budgets for many operations will be reduced, and our Suppliers and Vendors will undoubtedly feel the cutbacks, too. From our fruit farmers on the Big Island, our cane sugar supplier on Maui, to our distributors on all the neighbor islands; from the stock clerks at the biggest retailers, to the neighborhood corner store; from our IT provider, to our janitorial supplier; all will feel the damaging effects of this legislation. Regardless of how big or small the companies affected by this bill are, LOCAL jobs are at stake. The resulting unemployment rise, elevated welfare and assistance payouts, lower average incomes, and reductions in tax revenue hardly seem like a tactic in solving a budget crisis.

**DISCRIMINATORY TAXATION and LIFESTYLE MODIFICATION**— Many factors contribute to our current health issues, including sugar intake in children's diets. But it is improper to lay the blame on any type of food, when the real issue lies with the parents and guardians responsible for providing balanced meals for Hawaii's children. Taxing sugary foods only defers blame and punishment away from the real culprit, attitude and education. It seeks to vilify specific foods and allows consumers to assume that they're not accountable for their own health decisions. There should be a focus on education, not taxation.

People buy what they want to eat and drink. Consumers have the right to choose what they eat without the burden of taxation, or their government trying to make their dietary decisions for them. Currently, with the cooperation of the Food and Drug Administration, we provide as much dietary information as possible on all of our food containers. The consumers have enough information at their disposal to make their own dietary choices. No one can be liable for what they do with that information. Manipulating their dietary lifestyle is certainly not my obligation, and it's certainly not the charge of the Government either.

Sincerely,

Kent Kurihara  
Vice-President  
Hawaiian Sun Products, Inc.

February 14, 2011

TESTIMONY IN OPPOSITION TO SB1179: RELATING TAXATION

Dear Chair Josh Green, Vice Chair Clarence Nishimoto and Members of the Health Committee, Senators Rosalyn Baker, Suzanne Chun-Oakland, Malie Shimabukuro, Glenn Wakai, Sam Slom:

Aloha,

Thank you for the opportunity to testify in opposition of SB1179, Relating to Taxation

My name is Roy Yamaguchi and as a professional chef and business owner for over 22 years in Hawaii, I would like to express my concern regarding SB1179. This bill creates taxation on sugar-sweetened beverages to deter the public from consuming products which it deems unhealthy. This discriminatory beverage tax attempts to allow government to decide what we should and can consume. I believe that choice should be left up to the consumer.

In addition, it is important to note the following with respect to the beverage industry and its products:

- Calories from sugar-sweetened beverages – including soft drinks, juice drinks, flavored waters and other beverages – make up only 7 percent of the calories in the American diet, this according to the National Cancer Society. That means 93 percent of our calories come from other sources.
- A review by George Mason University researchers showed that a 20 percent tax on soda would reduce an obese person's Body Mass Index from 40 to 39.98 – an amount not even measurable on a bathroom scale.
- The beverage industry is committed to being part of the solution to the obesity epidemic. It has teamed up for this *Clear on Calories* initiative in support of First Lady Michelle Obama's "Let's Move" anti-obesity campaign. Under the last mayoral administration, I chaired the local, "Let's Move" campaign for Honolulu and appreciate the beverage industry's efforts.
- The beverage industry has come together through a voluntary commitment to make the calories in their products even more clear and consumer-friendly by putting calorie information at consumers' fingertips at every point of purchase, including containers, company-controlled vending machines and fountain machines. Consumers will be able to make informed choices about the beverages that are best for themselves and their families at any given time.

I support government's efforts to promote healthier lifestyles and to educate our children about the importance of a healthy diet and exercise. However, I do not support this bill which attempts to restrict consumption of product that it deems unhealthy through increasing taxation. Everyone should have a fair choice to decide what they want to consume. This makes it unfair to the beverage industry which has done much on its own to promote healthier choices and products.

Respectfully,

Roy Yamaguchi

Roy's Restaurant

6600 Kalaniana'ole Hwy.  
Honolulu, Hawaii 96825

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**Testimony on SB 1179,**  
Senate Committee on Health  
Health Chair: Sen. Josh Green  
Health Vice-Chair: Sen. Clarence Nishihara  
Wednesday, February 16, 2011, 2:45 p.m.  
Conference Room 229  
State Capitol, 415 South Beretania Street  
Testimony submitted by: Howard S. Garval,  
President & CEO, Child & Family Service

Good afternoon, Chair Green and Vice-Chair Nishihara and Committee members. I am Howard S. Garval, President & CEO of Child & Family Service, Hawaii's oldest and most comprehensive human service nonprofit organization with services on every island and touching the lives of 40,000 Hawaii residents from keiki to kupuna each year. I am testifying in strong support of SB 1179.

Hawaii should follow the lead of our First Lady Michelle Obama who has identified childhood obesity as a major health problem in this country and is doing some groundbreaking work to tackle this important public health issue. SB 1179 is only one way among many that should be implemented to address this serious health issue. A recent Hawaii study on obesity conducted by the Center on the Family at UH reports that obesity has increased from a couple of years ago when a similar study was conducted. Obese children become obese adults and this leads to all of the health problems associated with obesity, but especially heart disease and diabetes. There are several studies that demonstrate that sugar-sweetened beverages are a major contributor to obesity in children and adults. For all age groups (2 years to over 60) between 192001, consumption of sugar-sweetened beverages increased 135%. [Source: Nationally representative data from the Nationwide Food Consumption Survey, Continuing Surveys of Food Intake, and 1992001 National Health and Nutrition Examination Surveys (NHANES)]. Several states have implemented a tax on such soft drinks and have seen a subsequent decline in soft drink usage which can translate into reduced obesity in the general population. Similar to tobacco taxes to create a financial disincentive to smoke, it is time we did the same for sugar as well.

The funds raised from such a tax would be utilized to create a children's health promotion special fund that would especially target obesity prevention. In addition to the medical problems that obesity can lead to, the social problems associated with obesity in children should not be ignored. Self-esteem issues are often exacerbated by peer teasing or even bullying so the social-emotional development of children who are obese is also impaired. This can lead to depression among obese children who may cope with such depressed mood by overeating and consuming very high levels of sugar as a way to self-medicate the depression; i.e. a vicious cycle is created that becomes even harder to break.

While this bill is not the solution to the obesity problem, it is one of many approaches that together could make a difference to improve the health of Hawaii residents.

I urge your support of SB 1179.

Mahalo for providing the opportunity to submit testimony.



American Heart Association | American Stroke Association

*Learn and Live.*

Serving Hawaii

## Testimony Strongly Supporting SB 1179

The American Heart Association strongly supports SB 1179 to charge a tax on sugar-sweetened beverages. The intent of this bill is to encourage the consumption of lower/no-calorie beverages offered by manufacturers.

The United States is addressing an obesity epidemic of historical proportion. More than 72 million adults have become obese, greater than 20% above ideal weight, and another one third are overweight; with the concomitant rise in medically costly weight-related complications. Unfortunately, these numbers are spreading to our nation's children where 32 percent are overweight, 16 percent are obese, and 11 percent are extremely obese. The American Heart Association supports a multi-pronged approach to address the nation's obesity epidemic which includes creating policies that improve access and affordability of healthy foods to all people. The AHA also considers the concept of pricing less healthy foods and beverages higher to discourage consumption as a possible policy alternative to bring food and beverage pricing in line with the AHA's Diet and Lifestyle Recommendations and federal dietary guidelines where possible. However, the AHA believes additional research is necessary to determine the impact of these types of sales taxes or excise taxes on consumption rates, and shifts in consumer choice with special consideration for disparate populations. Conceivably, this research could happen in a few states or localities on a pilot basis with comprehensive surveillance to discern real-world impact on consumption trends and dietary behavior. The AHA also believes there should be careful consideration of unforeseen, unintended consequences of these types of policies.

### Serving Hawaii since 1948

For information on the AHA's educational or research programs, contact your nearest AHA office, or visit our web site at [www.americanheart.org](http://www.americanheart.org) or e-mail us at [hawaii@heart.org](mailto:hawaii@heart.org)

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**Hawaii:**  
400 Hualani Street, Ste. 15  
Hilo, HI 96720-4333  
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Fax: 808-961-2827

**Kauai:**  
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Phone: 808-538-7021  
Fax: 808-538-3443

*"Building healthier lives,  
free of cardiovascular  
diseases and stroke."*

The Association's policy statement focuses on the issue of taxing beverages that contain added sugars and caloric sweeteners. The Association has not yet addressed taxing less healthy foods, as the food environment is more complex and requires greater nuance.

### Background

Sugar-sweetened beverages are the largest single source of excess calories in the US diet. Children and adolescents today derive 10% to 15% of their total calories from sugar-sweetened beverages and 100% fruit juice. In 2005, children between the ages of 12 and 19 spent an estimated \$159 billion on food, candy and soft drinks. **Because youth are more responsive to price change than adults, the potential exists for an even greater impact on consumption by youth.**

Indications are that sugar-sweetened beverage consumption rates are increasing in all ages and as consumption of these drinks increases, there is a concomitant rise in energy intake or "empty calories". Soft drink consumption is associated with lower intakes of milk (therefore calcium and other nutrients) and an increased risk of several medical problems including diabetes.

Research demonstrates that sugar-sweetened beverage consumption varies across age, sex, and race/ethnicity. A 2006 study published in the *Journal of the American Dietetic Association* revealed that in general, males consume more beverages than females, African Americans consume more fruit drinks and Caucasians drink more carbonated soft drinks than

other race/ethnic groups. These results underscore the point that taxation policy should cover all beverages with added sugars to reach diverse segments of the population.

Although there is limited research on the impact of these taxes in the area of food and beverages, there is strong economic and public health evidence on the impact in the areas of tobacco and alcohol excises taxes. For food and beverages, there is a need for much more research elucidating price elasticity and the impact of taxation on consumption trends on beverages, BMI, risk factors for heart disease and stroke and chronic disease incidence. The AHA supports additional research to determine the effects of pricing, taxation, and agricultural subsidies on food and beverage consumption patterns and public health in the United States.

Increasing the tax on sugar-sweetened beverages is a potential source of increased revenue for states that could improve the public health impact of these types of policy interventions by directing those funds for comprehensive public health programs that reduce obesity. If these taxes are put into place, the AHA strongly advocates that the Hawaii state government direct the revenue generated from beverage tax initiatives toward public health and obesity prevention efforts.

#### **The Current Landscape**

In the context of the economic downturn and recession, many states are facing significant budgetary shortfalls. As of February 3, 2009, states were addressing a collective budget shortfall of \$87.7 billion for fiscal year 2009. This problem is compounded by the projected collective shortfall of \$84.3 billion for fiscal year 2010. Policy makers from around the country have begun proposing new taxes on non-diet beverages to help raise revenue to fund these shortfalls and to pay for new obesity prevention programs.

In 2006, 19 states imposed excise taxes on sodas in excess of the overall sales tax rate in an attempt to cut down on diabetes and obesity but these taxes have not been in place long enough to discern an effect nor is it clear that comprehensive evaluation is being done. CBO estimates that a tax of 3¢ per 12 oz. drink would raise just under \$5 billion per year. The federal government is considering beverage taxes to help subsidize health care reform. However, there is not a lot of available “real-time” research on the impact of beverage taxes on consumption trends. The Robert Wood Johnson Foundation and others are currently funding research to specifically look at the impact of price on the choices both children and adults make when purchasing beverages. Preliminary data, as yet unpublished, has led researchers to believe that significant price increases will have an impact on consumer behavior, especially with younger and lower income consumers. There is some evidence, when looking at the entire soft drink market that price has a strong effect on consumer behavior. Price elasticity is estimated at around -1.00 which means that a 10% increase in price results in a 10% decrease in demand. There is also some evidence that increasing the price of sugar-based foods by 1% results in a 2-3% reduction in the likelihood that a normal-weight person will become obese.

The Alliance for a Healthier Generation, a partnership between the American Heart Association and the William J. Clinton Foundation, reached a voluntary agreement with the beverage industry that has been in place for three years, removing sodas from all schools and allowing only mid-calorie drinks and diet soda at the high school level. This agreement has led to reduced full-calorie soda offerings in schools and in 2008, the American Beverage Association reported that 58% fewer beverage calories had been shipped to schools across the United States.

Policy efforts in this area of taxation should be comprehensive to reach all segments of the population. While there have been significant advances in schools, schools are not the environment where children get most of their sugar-sweetened beverages. In order to impact overall consumption rates, initiatives will have to address all environments.

In its adult and pediatric nutrition recommendations, the American Heart Association recommends that low calorie beverages like water, fat free or low fat milk, and diet soft drinks in moderation are better choices than full calorie soft drinks and Americans should limit the amount of added sugars in the foods they eat. The 2005 Dietary Guidelines for Americans also recommends limiting added sugars in the diet. The AHA recommends that women consume no more than 6 teaspoons of sugar per day, and men no more than 9 teaspoons per day.

### **Conclusion**

The American Heart Association supports additional research to determine the efficacy of taxation policy on consumption trends, public health, the alternative choices consumers would make if they move away from sugar-sweetened beverages, the impact of these policies on disparate populations, and whether there are any unforeseen unintended consequences. The AHA also feels that robust evaluation should be part of any tax measures that are passed. Additionally, the AHA will continue to be a resource to policy makers with regard to nutrition science and the use of tax revenues to fund under-funded public health programs. Finally, the AHA advocates for broader nutrition policy efforts that make healthy foods more affordable and accessible to all consumers and bring food pricing and subsidies in line with federal dietary guidelines and AHA nutrition recommendations.

The AHA strongly encourages passage of SB 1179 as one significant part of what will be a comprehensive effort to combat childhood obesity in Hawaii.

Respectfully submitted,

Corilee Watters, MSc, RD, PhD, CNSC  
Asst. Professor Nutrition, Department of Human Nutrition, Food and Animal Science at the  
University of Hawaii at Manoa  
Volunteer Spokesperson, American Heart Association



The Association of Food, Beverage  
and Consumer Products Companies

February 16, 2011

The Honorable Josh Green, M.D., Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Committee on Health  
Hawaii State Capitol, Room 229

**RE: SB 1179 – OPPOSE**

Dear Chair Green, Vice Chair Nishihara and Members of the Committee:

On behalf of the Grocery Manufacturers Association (GMA<sup>1</sup>), I am writing to express our opposition to Senate Bill 1179 because it will do nothing to fight obesity and its selective taxation is arbitrary, discriminatory, regressive, and largely unpopular.

**Obesity is a Complex Problem with No Simple Solution**

Many factors contribute to obesity and related health problems and singling out one particular product for taxation isn't going to solve the issue. Rather than discriminately taxing a food product or beverage we need to encourage a balanced diet and promote more physical activity and exercise for all citizens.

GMA and its member companies have taken and will continue to take significant steps to create a balanced approach to combating obesity. For example, since 2002, GMA member companies have introduced more than 20,000 product choices with fewer calories and reduced fat, sugar and sodium. Through the Healthy Weight Commitment Foundation, food and beverage companies have

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<sup>1</sup> Based in Washington, D.C., the Grocery Manufacturers Association is the voice of more than 300 leading food, beverage and consumer product companies that sustain and enhance the quality of life for hundreds of millions of people in the United States and around the globe.

Founded in 1908, GMA is an active, vocal advocate for its member companies and a trusted source of information about the industry and the products consumers rely on and enjoy every day. The association and its member companies are committed to meeting the needs of consumers through product innovation, responsible business practices and effective public policy solutions developed through a genuine partnership with policymakers and other stakeholders.

In keeping with its founding principles, GMA helps its members produce safe products through a strong and ongoing commitment to scientific research, testing and evaluation and to providing consumers with the products, tools and information they need to achieve a healthy diet and an active lifestyle.

The food, beverage and consumer packaged goods industry in the United States generates sales of \$2.1 trillion annually, employs 14 million workers and contributes \$1 trillion in added value to the economy every year.

GROCERY MANUFACTURERS ASSOCIATION

1350 I Street, NW :: Suite 300 :: Washington, DC 20005 :: ph 202-639-5900 :: fx 202-639-5932 :: www.gmaonline.org

pledged to remove 1.5 trillion calories from the food supply by 2015. And by applying nutrition criteria to our advertising policies, two thirds of the products advertised during children's programming now feature healthier products and/or healthy lifestyle messages.

Another example of our commitment to promoting a healthy diet, GMA and the Food Marketing Institute last month launched Nutrition Keys, a front-of-pack nutrition labeling initiative that will help consumers make informed decisions when they shop. Combined with the many innovative nutrition information programs implemented in recent years, consumers now have access to more nutrition information about their food than ever before – on products, in stores and online.

### **SB 1179 is an Arbitrary Tax**

SB 1179's arbitrary purpose is explicit in that taxpayers who consume sugary beverages will experience an increase in the price of these items to fund a health promotion special fund. While establishing a health promotion program is a laudable goal the means in which it is being funded is nonsensical. In short, the health program fund relies on the very thing it sets out to discourage. This is tantamount to a tobacco tax to fund an anti-tobacco program. Presumably, if the program is successful, it will have eventually so reduced its funding base that it can no longer sustain its programming. Would this shortfall be added to the State's general fund obligation?

Furthermore, Hawaiians already pay several taxes on beverages, including: five-cent deposit, one-cent handling fee, one-half percent gross receipts tax from the wholesaler, and a four percent gross receipts tax from the retailer. These taxes result in a higher cost to the purchasers and have little to do with the complexities of fighting obesity.

### **SB 1179 is a Regressive and Discriminatory Tax**

This tax is also unpalatable because it would disproportionately impact those Hawaiians who can least afford to pay the higher costs. Hawaii families already pay some of the highest taxes in the nation and like all people are struggling in this difficult economy. There could not be a worse time to ask them to pay more for the products they consume.

In August 2006, GMA released a study on the economic impact of selective taxation of certain foods. The findings detailed the economic impact of a selective tax on certain foods on the economy as a whole, on the food industry in particular, and on individual consumers. The following is a key report finding

The Honorable Josh Green, M.D., Chair  
The Honorable Clarence K. Nishihara, Vice Chair  
Committee on Health  
Page 3 of 3

illustrating the discriminatory nature of such a tax as is proposed in SB 1179: Given consumption patterns, a selective tax on certain foods would be more regressive than a general sales tax. Households with incomes below \$10,000 spent 11.9 percent of their income on these types of foods and beverages in 2004, compared to 1 percent for households with incomes greater than \$70,000.

### **SB 1179 Has Been Tried and Failed in Other States**

In the early 1990s, several jurisdictions, including California, Maine, Maryland and the District of Columbia, implemented ill advised taxes on selective food products. The source of revenue quickly became a failure. The new tax never generated the projected revenue because its complexity prevented its proper collection, its administration was complex, and a decrease in consumer demand made estimating revenue difficult.

In the 2004, 2005, and 2006 sessions, Maryland, Texas and West Virginia respectively, rejected proposals to tax certain foods and beverages because each state believed the tax would create a poor business environment and would be inefficient to administer. In Maine, the legislature passed a new beverage tax that was quickly repealed by the citizens through a ballot measure in the November 2008 general election by an almost two to one margin. Finally, just last year, Washington residents through a ballot initiative soundly rejected (60% to 40%) the legislature's attempt to impose additional discriminatory taxes candy, bottled water, and soda.

Obesity is a complex problem that requires a comprehensive solution. GMA, food manufacturers and beverage companies have been in the forefront of developing tools for the consumer and making the challenge easier. Selective taxation does nothing to contribute to the solution. As such, the Grocery Manufacturers Association must respectfully oppose SB 1179.

Sincerely,

John Hewitt  
Western Region Director  
Grocery Manufacturers Association

**green1 - Karen**

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**From:** Labbe, Paul [plabbe@ball.com]  
**Sent:** Tuesday, February 15, 2011 2:41 PM  
**To:** HTHTestimony  
**Subject:** SB1179

TO: Senator Josh Green, chair and Senator Clarence Nishihara, Vice Chair, Senate Committee on Health

RE: SB 1179 – Relating to Health

My name is Paul Labbe, I am the Plant Manager for the Ball Corporation aluminum beverage can manufacturing plant in Kapolei. This facility produces beverage containers for Coke, Pepsi, Hawaiian Sun, and Ito-En USA. This facility employs 47 Hawaii residents and provides them with good wages and benefits totaling \$48,000 annually. Ball pays State taxes of nearly \$2,000,000 annually.


I am sending this Email to express my concern for the continued employment of our 47 employees and also for the 500 plus positions that would be affected in suppliers and ancillary industries. I strongly oppose SB 1179 that proposes assessing a new tax on sugary beverages. Placing a discriminatory tax on beverages will not change behaviors or teach children about a healthier lifestyle. You can't tax people into a healthy existence.

Our plant has seen the sales volume decrease from 450 million units to 280 million units in the past 17 years. Our employee base during that time frame has gone from 120 to our current manning of 47 people. The workweek has diminished from seven days to three days. These reductions have occurred for various reasons such as the plastic bottle, the departure of co-packing by certain fillers, and more recently by the States deposit legislation. Every unit we can sell is critical to our very existence as a manufacturing operation in Hawaii.

This tax (fee), however is what would ultimately place the padlock on the front door and kill another manufacturing operation in the State.

Thank you for accepting my testimony.

*Paul Labbe*  
**Ball Corporation**  
**Plant Manager**  
**Hawaii Can Plant**  
**Phone: (808)682-1200**  
**Cell: (808)330-5176**  
**Fax: (808)682-1214**  
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# *Coca-Cola Bottling Company of Hawaii*

a COCA-COLA ENTERPRISES company

949 Mapunapuna Street  
Honolulu, HI 96819  
808-839-6711  
808-834-7718 Fax

Senator Josh Green, M.D., Chair  
Senate Committee on Health

Wednesday, February 16, 2011  
2:45 P.M., Conference Room 229

**RE: SB 1179 - RELATING TO TAXATION**

Chair Green, Vice Chair Nishihara, and Members of the Committee:

My name is Michelle Tang. I am the Distribution Centers Manager for the Coca-Cola Bottling Company of Hawaii, with operations here in Honolulu and on neighbor islands, **testifying in opposition to SB 1179** that would assess a surcharge on sugar-sweetened beverages.

While we laud the purpose of the bill to combat childhood obesity, sugar-sweetened beverages are not the leading cause of obesity nor do they uniquely contribute to the problem.

**Numerous scientific studies indicate that obesity is a complex issue - we cannot blame overweight or obesity on soft drinks or any other single food or beverage, alone.**

In 2009, the **American Heart Association Scientific Statement on "Dietary Sugars Intake and Cardiovascular Health"** stated, "Because overweight and obesity are complex metabolic conditions, it is unlikely that a single food or food group is primarily causal." In other words, we cannot blame overweight or obesity on soft drinks or any other single food or beverage.

**The Institute of Medicine**, in its report on childhood obesity said the problem "is extraordinarily complex when considering the multitude of genetic, biological, psychological, socio-cultural and environmental factors."

A study published in "**Obesity Reviews**" did not find an association between soft drink intake and overweight. This study did find low levels of physical activity were associated with increased BMI.

**The American Diabetes Association** has identified the risk factors for diabetes, including a lack of physical exercise. The ADA does not identify sugar used in soda or any other single food or ingredient as a specific risk factor for the disease.

And an analysis by the **National Cancer Institute** shows sugary beverages contribute only seven percent of total calories, which is to say all other foods and beverages contribute 93%.

Weight increases when all calories consumed get out of balance with the calories we burn, from all food sources. The way to address obesity is to balance all calories consumed from all food sources with the calories burned through physical activity. Targeting one food or beverage type does a disservice to the effort to combat obesity, as it wrongly blames one type of product as the cause of the problem, when, in fact, it is all calories consumed and expended. Our products already are subject to the sales tax, deposit and beverage container deposit fees, and this bill would just exacerbate the already inequitable treatment of beverages and cause a decline in sales, which would mean people would lose their jobs. If the goal is to help people make healthy decisions, then there must be a multi-faceted, common-sense approach through education and physical activity that is funded in a comprehensive manner, reflecting the complex nature of the problem.

The Coca-Cola Bottling Company of Hawaii respectfully requests that the Committee hold SB 1179. Thank you for the opportunity to testify.

**green1 - Karen**

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**From:** Drorbaugh M [mjdoror@hawaii.rr.com]  
**Sent:** Sunday, February 13, 2011 8:43 AM  
**To:** HTHTestimony  
**Subject:** Testimony in support of SB1179

James E. Drorbaugh, MD Pediatrician (retired)  
Measure: SB1179, Relating to Taxation  
Committee on Health  
    Senator Josh Green, Chair  
    Senator Clarence K. Nishihara, Vice Chair  
Date: Wednesday, February 16, 2011  
Time: 2:45 PM  
Place: Room 229

Good Afternoon Senator Green and Senator Nishihara,

My testimony is in support of SB1179. This Act will create a Children's Health Promotion fund to be administered by the Department of Health to address the obesity epidemic and funded by this taxation.

We know that there has been a progressive increase in the number of children who are overweight or obese in our State. Up to 80% of children who are overweight as teenagers will be overweight as adults. As they grow older they will be at increased risk for type 2 diabetes, cardiovascular diseases and other illnesses associated with being overweight. There will be social and economic consequences for them as well as poor health.

In 2004 Finklestein reported that the annual cost of medical treatment for obese adults in Hawaii was \$290,000,000. This does not count the cost of social and economic consequences for the individual.

One of the principle causes for becoming overweight in childhood is the consumption of sugary beverages resulting in truly excessive intake of calories. These beverages are harmful to human health. Increasing the cost can be expected to decrease consumption, one of the major goals in our societies' attempts to control the obesity epidemic.

The Department of Health has done an outstanding job of promoting awareness of the health hazards associated with being overweight and supporting clinical intervention by trained health care providers.

I am support SB1179 to direct the funds collected by taxation to a Children's Health Promotion Fund to be administered by the Department of Health for prevention of childhood obesity. Funding the Children's Health Promotion fund will ensure that this good work continues.

Thank you for the opportunity to testify in support of SB1179.

James E. Drorbaugh, MD

February 14, 2011

Testimony to the Committee on Health  
Senator Josh Green, M.D., Chair  
Senator Clarence K. Nishihara, Vice Chair

Wednesday February 16, 2011, 2:45 p.m.  
Conference Room 229

RE: Opposition to SB 1179 - Relating to Taxation

Senator Josh Green, Chair and Senator Clarence Nishihara, Vice Chair and  
Members of the Senate Committee on Health:

I work for ITO EN (USA) Inc. We are a local beverage manufacturer in Kalihi and have been business here since 1987. We have 70 employees.

I feel that this bill to add a new beverage tax is bad for small businesses. Hawaii's small businesses can't afford new taxes aimed at raising our grocery costs on sodas and other beverages. At a time when unemployment is high and the economy is unsteady, adding a new tax on common grocery items will hurt small businesses, like neighborhood grocery stores and convenience stores that will be harmed by shrinking sales. A tax like this one will also hurt local jobs. Any beverage tax proposal will hurt thousands of working people, including drivers, canners, farmers and all businesses alike.

A new tax will hit, hardest, those who can least afford it. Middle and lower income families, who are already struggling to make ends meet, will hurt the most. It will be hard for any family to survive with this proposal, and the proposal to increase the fuel tax passes.

I strongly feel that this new tax discriminates against the beverage industry. The bill targets the manufacturers of soft drinks, juice drinks, teas and other beverages. I can understand taxing liquor, alcohol, and cigarettes, because of its damaging qualities; but there is no way that soft drinks, teas and juices, come close to even having those types of damaging qualities.

**I urge you NOT TO SUPPORT this bill!! Focus on reviving the economy so more people can get back to work; which will increase the tax dollars for the state.**

Sincerely,

Brian Oue

**green1 - Karen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 10, 2011 10:28 PM  
**To:** HTHTestimony  
**Cc:** web@cartoonistforchrist.org  
**Subject:** Testimony for SB1179 on 2/16/2011 2:45:00 PM

Testimony for HTH 2/16/2011 2:45:00 PM SB1179

Conference room: 229  
Testifier position:  
Testifier will be present: No  
Submitted by: Lee McIntosh  
Organization: Individual  
Address:  
Phone:  
E-mail: [web@cartoonistforchrist.org](mailto:web@cartoonistforchrist.org)  
Submitted on: 2/10/2011

**Comments:**

Mr. Chair and Members of the Health Committee:

Aloha, my name is Lee McIntosh. I live in Kau on the Big Island. I am not in favor of SB 1179, which would establish a tax on the sale of sugar-sweetened beverages in Hawaii. Individuals, not government, are responsible for their health and eating in moderation. Each person is unique and different, so it is impossible to set broad public policies policing the health of everyone in the state. The food pyramid was adopted because recent research found that our diet should include fat, oil, and sweets. SB 1179 fails to acknowledge this fact. This bill places a burden on businesses with additional paperwork that must be kept and filled out, and negatively impacts struggling families with children trying to survive in Hawaii. This bill will make it too expensive for my family to afford purchasing these types of drinks, and none of us are over weight. Thank you for allowing me the opportunity to testify on SB 1179.

**green1 - Karen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 12, 2011 1:46 PM  
**To:** HTHTestimony  
**Cc:** Michael.Nobriga@mauisoda.com  
**Subject:** Testimony for SB1179 on 2/16/2011 2:45:00 PM

Testimony for HTH 2/16/2011 2:45:00 PM SB1179

Conference room: 229  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Michael A. Nobriga  
Organization: Maui Soda & Ice Works, Ltd.  
Address:  
Phone:  
E-mail: [Michael.Nobriga@mauisoda.com](mailto:Michael.Nobriga@mauisoda.com)  
Submitted on: 2/12/2011

**Comments:**

I am opposed to SB1179.  
It is discriminatory and predatory.  
This will drive the cost of beverages out of reach to many consumers. State already has over \$20 million in unclaimed deposits.  
If you need to tax, tax everything and everyone equally. Thank You.

RE: SB 1179 – RELATION TO TAXATION

Aloha e Senator Green and Senator Nishihara,

My name is Filo Tu, President of the Blind Vendors Ohana Inc., **testifying in opposition to SB 1179**. Since 1994, my partners and I own and manage a small business at the Honolulu International Airport that employs 85 staff (54 percent are blind or disabled) to service and operate 9 newsstands, a warehouse and office. We serve and sell to hundreds of customers from many parts of the world daily, 7 days a week, books, magazines, candies and canned or bottled beverages at our stores and from vending machines that we contract with other vendors to provide the public with something to eat, drink or read when they arrive or wait at the airport.

A beverage tax, like the one purposed in this bill, would create yet another unnecessary hurdle for small businesses like mine trying to survive in an already difficult economic environment. This tax would cause many small, local businesses to go out of business; and would undoubtedly result in a cut in local jobs, further damaging Hawaii's economy. With a nearly 6% unemployment rate state wide, the government should be helping businesses create more jobs, not eliminating them. If we had to cut jobs, many of our blind and disabled employees would have difficulty finding another job and would need more government and community agencies help which already have been cut.

Businesses and consumers in Hawaii are already over taxed, often times paying a tax on top of a tax, on top of a fee. Currently consumers already pay a roughly 4% depending where you live, on top of that we have to pay a 6¢ HI-5 fee and now on top of that we would have to pay ANOTHER tax on the beverage. When will it end?

Furthermore a tax will not teach health lifestyles, healthy lifestyles start at home and are nurtured by teaching and encouraging good habits, not through government intervention and taxation.

Mahalo for allowing me to testify in opposition to SB 1179 today.

Filo Tu, President/CEO  
Blind Vendors Ohana, Inc.  
300 Rodgers Blvd #56  
Honolulu, HI 96819  
Ph – 808-861-1300x350  
Fax – 808-861-1308

TO: Members of the Committee on Health

FROM: Natalie Iwasa  
Honolulu, HI 96825  
808-395-3233

HEARING: 2:45 p.m. Wednesday, February 16, 2011

SUBJECT: SB1179 Sugar-Sweetened Beverages Tax - **OPPOSED**

Aloha Chair Green, Vice Chair Nishihara and Committee Members,

Thank you for allowing me to provide testimony in opposition to SB 1179 which would place a fee on certain sugar-sweetened beverages, create a special fund and adds to the burden of businesses in our state.

While the intention of this bill is worthwhile (creating a fund to fight obesity in children), I oppose it because it increases the administrative burden on businesses. I find the requirement for retailers to pay the fee on behalf of distributors, if the distributor does not pay it, particularly onerous.

Please vote "no" on this measure.



**green1 - Karen**

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**From:** all.aboutsolutions [all.aboutsolutions@rocketmail.com]  
**Sent:** Tuesday, February 15, 2011 1:46 PM  
**To:** HTHTestimony  
**Subject:** Opposing SB 1179

Aloha Members of the Senate Committee on Health,

I am among many Hawai'i constituents who oppose taxation of ready-to-drink and powdered drinks and other beverages affordable for our families. SR 1179 would put even more stress on incomes already stretched to the limit. The "No Hawai'i Beverage Tax Coalition" is bringing to our State's attention the following, among many, facts:

- "... taxes do not make people healthier. Making smart, educated decisions about diet and exercise do that.
- "Calories from sugar-sweetened beverages -- including soft drinks, juice drinks, flavored waters and other beverages -- make up only 7 percent of the calories in the American diet, this according to the National Cancer Society....
- "The non-alcoholic beverage industry is comprised of some of the most innovative and well-respected companies in Hawai'i. ... one of the few remaining industries still manufacturing on the Islands. Unlike most consumer products, our beverages are made and distributed in Hawai'i -- and by Hawaiians. We provide more than 1,000 good-paying jobs across our state and help to support may thousands more workers in restaurants, grocery stores and more that depend, in part, on beverage sales for their livelihood. ...
- **And most impactfully,** "Families are struggling in these difficult times, and new beverage taxes lead to higher grocery costs that [so many] can't afford. Businesses are struggling, too. The beverage tax proposed by the legislature and Governor unfairly singles out beverage companies and will result in higher grocery bills for consumers and Hawaiian families."

Please don't let unnecessary and discriminatory taxation in SR 1179 hurt us--your Hawai'i Constituents.  
Mahalo nui loa!

Patricia Nosie / Kaua'i