

SB 233

TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

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SUBJECT: TOBACCO, Tax on other tobacco products

BILL NUMBER: SB 233, SD-1

INTRODUCED BY: Senate Committee on Health

BRIEF SUMMARY: Amends HRS section 245-3 to provide that the tax on tobacco products other than large cigars shall be \$3.20 instead of 70% of the wholesale price effective July 1, 2011.

Amends HRS section 245-15 to provide that 32 cents per article or item of tobacco products sold, other than large cigars, shall be expended by the department of health for tobacco prevention services after July 1, 2011.

EFFECTIVE DATE: July 1, 2011

STAFF COMMENTS: The proposed measure provides that the tax on other tobacco products other than large cigars shall be \$3.20 rather than 70% of the wholesale price. It should be noted that when Act 58, SLH 2009, was approved by the legislature, it changed the way other tobacco products are taxed and increased the rate of the ad valorem tax on other tobacco products other than cigars to 70% of the wholesale value and imposed an ad valorem tax equal to 50% of the wholesale value on cigars that had a "ring gauge" of more than 30 (approximately a half inch circumference). In the latter case, those cigars of less than that ring gauge, known as "little cigars," were thrown into the same rate schedule as cigarettes.

However, this proposal highlights one of the distortions that occurs when product price increases and consumption either decreases or in the case where the tax is based on the cost or value of the product, tax collections will be adversely affected. Until 1993 all tobacco products were taxed at a rate of 40% of the wholesale value of the product plus the 0.5% general excise tax rate and, of course, the 4% general excise tax at retail. When the tax on cigarettes was converted to a per unit basis in 1993, it put all cigarettes, regardless of value, on parity. So inexpensive product was taxed at the same rate as more expensive product even though the difference in cost may have been attributed only to the cost of marketing and advertising the more costly product. As lawmakers increased the tax per pack over the years and the cost of making the product also increased the retail price, smokers had three choices, either pay more for their preferred brand, quit smoking, or trade down to a less costly product. While quitting smoking will definitely spell a loss in tax revenues for the state, trading down to a less costly brand will not.

This is an important point to note with respect to all other tobacco products, lawmakers should consider restructuring the way other tobacco products are taxed to insure stability in the collections from the sales of these products. Instead of continuing to set the tax as a percent of the wholesale value, consideration should be given to moving to a per unit approach like the taxing of cigarettes. While this measure proposes that all other tobacco products, other than large cigars, shall be taxed at \$3.20, the amount of

tax imposed on a package of cigarettes as of July 1, 2011, it should be noted that there are no multiples of other tobacco products like cigarettes per pack, as these products are usually sold by the weight.

Under this proposal, a tin of 5 ounces of pipe tobacco would pay the \$3.20 as would a large can of 24 ounces. If, on the other hand, the tax was based on the weight of the product, the larger the package of tobacco products, be it chewing tobacco or pipe tobacco, the more the tax would be. Thus, three ounces of pipe tobacco, no matter what the value of the product, would be taxed like another container of three ounces of pipe tobacco. Similarly, cigars that are fatter and, therefore, weigh more than say, cigarillos, which are thinner, would be taxed according to the overall weight of the product. As a result, when the cost of the product rises, and the behavioral reaction is to trade down to a less costly product sets in, the amount of tax the state receives will be the same, thus stabilizing the collections from this source.

In making the conversion to so many cents per ounce, lawmakers may want to utilize the current tax collected on the most expensive product and divide that amount by the number of ounces. While this will result in an initial bump in collections as the tax on less costly product will see an increase, it will bring parity to these types of products and stabilize collections as users migrate to less costly brands or products as the cost rises.

The proposed measure also would provide that 32 cents of each article or item of tobacco products, except large cigars, sold shall be used by the department of health for tobacco prevention programs and services. It should be noted that if the initial amount of 32 cents proposed by this measure is insufficient to fund the tobacco prevention programs and services, there is no doubt that such amount will be increased to generate adequate revenues for the program. As noted above, the higher one pushes the cost of these products, the greater the possibility of actually seeing a decline in consumption as consumers moderate or eliminate consumption. In fact, as was evidenced in the states of New Jersey and Maryland, lawmakers there counted on an increase in the cigarette taxes to help balance their budgets only to learn that collections actually went down below their prior levels. Thus, care should be exercise in targeting these products.

Digested 2/23/11



American Heart Association | American Stroke Association

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Testimony for SB 233, SD1 "Relating To Tobacco"

The American Heart Association supports SB 233, SD1.

A portion of new funds realized from any tobacco tax increase should be directed toward further tobacco prevention and education. Hawaii current investment remains well below the Centers for Disease Control's recommended spending in tobacco and prevention. The CDC recommends that Hawaii invest \$15.4 million per year on tobacco prevention, education and cessation programs to fully achieve success in reducing tobacco dependence. Last year the state invested only approximately \$8 million toward that end.

The state should attempt to set the tax on "other tobacco" products at a level comparable to its cigarette tax. In the future, any cigarette tax increases should be accompanied by a comparable increase in the tax on other tobacco products to insure that hikes in cost for one type of tobacco product don't drive potential young customers toward the cheaper type of tobacco. The goal of any tobacco tax increase should be primarily to achieve a reduction in use of tobacco products, especially by price-sensitive young people. The costs to the state for medical care alone related to tobacco use far outweigh the benefits in taxes collected on tobacco sales.

What do nicotine and tobacco smoke do to the body?

Nicotine causes a short-term increase in blood pressure, heart rate and the flow of blood from the heart. It also causes the arteries to narrow. Users of smokeless tobacco are exposed to levels of nicotine that are comparable to cigarette smokers. In addition, smoke from other tobacco products like "little cigars" or roll-your-own tobacco include carbon monoxide, which reduces the amount of oxygen the blood can carry. This, combined with the nicotine effects, creates an imbalance between the demand for oxygen by the cells and the amount of oxygen the blood can supply. Tobacco smoke also increases the risk of developing hardening of the arteries and heart attacks in several ways. First, carbon monoxide damages the inner walls of the arteries, encouraging fatty buildups in them. Over time, this causes the vessels to narrow and harden. Nicotine may also contribute to this process. Smoking also causes several changes in the blood that make clots—and heart attack—more likely. Cigar and pipe smoking increases the risk of abdominal aortic aneurysm by as much as six times compared to never-smokers. Smoking cigars or pipes doubles the risk of fatal stroke compared to never-smokers. Smoking cigars or pipes and cigarettes increases the risk for fatal stroke by six times compared to never-smokers. Pipe smoking has been found to increase coronary heart disease risk by almost as much as cigarette smoking.

It is important to both maintain a balance between the taxes on cigarettes and the tax on "other tobacco" products in order to continue to drive down Hawaii's youth smoking rates. It is just as important to maintain the level of investment in tobacco prevention, education and cessation programs at or near the CDC's minimum recommended amounts. The AHA strongly recommends that a portion of any new tobacco tax revenue be earmarked to support those life-saving programs.

Respectfully submitted,

Donald B. Weisman
Hawaii Advocacy Director

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 or e-mail us at hawaii@heart.org

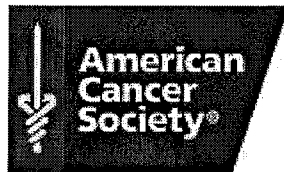
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**"Building healthier lives,
free of cardiovascular
diseases and stroke."**



February 23, 2011

Committee on Ways and Means
Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair

Hearing:

9:00 a.m., Thursday, February 24, 2011
Hawaii State Capitol, Room 211

RE: SB233, SD1 Relating to Tobacco Products

Testimony in Strong Support

Chair Ige, Vice Chair Kidani and members of the Committee on Ways and Means. My name is George Massengale and I am the Director of Government Relations for the American Cancer Society Hawaii Pacific Inc. Thank you for the opportunity to offer our written testify in strong support of SB233, SD1, which would impose an excise tax on tobacco products other than cigarettes, little cigars and large cigars, that is equivalent to the tax imposed currently on cigarettes.

For over 60 years, the American Cancer Society in Hawaii has been dedicated to eliminating cancer as a major health problem through research, prevention activities, early detection, new and innovative treatments, and advocacy.

The American Cancer Society (ACS) was an early promulgator of the link between smoking and cancer in the landmark epidemiological studies of 1952 and 1959. In 1962, the ACS Board of Directors, having reviewed scientific studies on the relationship between cigarette smoking and lung cancer, publicly declared that "the clinical, epidemiological, experimental, chemical and pathological evidence presented by the many studies reported in recent years indicates beyond reasonable doubt that cigarette smoking is the major cause of the unprecedented increase in lung cancer."

In looking for ways to reduce smoking and tobacco use, ACS concluded that raising the tax on cigarettes and other tobacco products would be an effective way to reduce their use; thus, in turn reducing the incidents of various types of cancers including, lung, pharyngeal, and oral cancer.

In 2009, due to concerns of the legislature in the increase use of smokeless tobacco products, the tax on these products was raised from 40% to 70% of the wholesale price; generating an additional \$500,000 in tax revenues; from \$3.03 million in 2008 to \$3.53 million in 2010. Despite this increase, there are indications that the use of smokeless tobacco products continues to trend upwards.

We would note for the committee that in 2007, the President's Cancer Panel issued its report, *Promoting Healthy Lifestyles*, which advised increasing state tobacco taxes; stating, **"Increases in tobacco excise taxes, which are passed along to consumers in the form of higher tobacco product prices, have proven highly effective in reducing tobacco use by promoting cessation among current users, discouraging relapse among former users, preventing initiation among potential users, and reducing consumption among those who continue to use tobacco. These revenues also provide crucial dollars needed to fund anti-tobacco efforts."**

We believe that the \$3.20 excise tax proposed in this measure will have a significant impact on youth tobacco use in Hawaii.

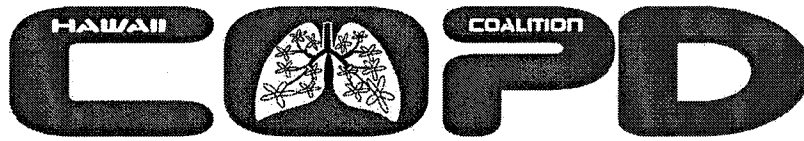
In moving this measure forward, we ask the committee to also consider the President's Cancer Panel's recommendation to fund anti-tobacco efforts and amend this bill by including a provision that would allocate a certain percentage of the new revenues directly to the Hawaii Tobacco Control Trust Fund which is administered by the Hawaii Community Foundation. This will ensure that community based organizations throughout the state would be able to maintain or even increase tobacco prevention and cessation services.

Thank you for the opportunity to provide testimony in support of SB233, SD1.

Very truly yours,



George S. Massengale, JD
Director of Government Relations



February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

RE: **STRONG SUPPORT on SB 233,SD1 (Relating to Tobacco Products)**

WAM Committee; February 24, 2011 at 9:00 a.m.; Room 211 Decision Making

My name is Valerie Chang. I am Executive Director of the Hawaii COPD Coalition. Our organization provides services and support and improves treatment for Hawaii's people affected by Chronic Obstructive Pulmonary Disease (COPD), more commonly known as emphysema, chronic bronchitis and similar conditions. COPD and other respiratory conditions are the third leading cause of death in the US. Our 2007 and 2008 survey data reveal that 2.2 to 3.2% or about 22,000 to 30,800 of Hawaii adults have been told they have COPD, emphysema and/or chronic bronchitis. It is estimated that at least another 22,000 to 30,800 Hawaii adults remain undiagnosed while suffering from COPD. Tobacco smoking is the major cause of these health conditions. For more information and Hawaii Department of Health's Burden of COPD in Hawaii 2010 Report to go <http://hawaiicopd.org>. We provide free lung testing, tobacco cessation counseling, support group meetings and an annual education day as well as training and professional development for healthcare professionals.

The Hawaii COPD Coalition **strongly supports** SB233 raising taxes on other tobacco products. The tax increase will bring in greatly needed revenue and reduce tobacco use, particularly in our youth who are especially sensitive to price. These funds can help increase tobacco prevention and cessation efforts, since so many want to quit and need services to help them. Youth use of smokeless products is rising in both high and middle school students. Many dangerous health conditions are caused by smokeless tobacco, including cancers, gum disease and increased cardiovascular conditions. Rates must be increased to keep prices comparable to cigarettes and ensure declines in use.

As cigarette tax increases rise, smokers will look at quitting or they will find cheaper means to continue using tobacco. We must be sure taxes on all tobacco products are equitable so that those who are addicted to nicotine will quit. More smokers quitting means reduced costs to our state in tobacco-related medical expenses.

Please pass this measure out with the earmark to support the treatment of tobacco dependence. This will allow programs to provide support to those who want help to quit tobacco use.

Thank you for the opportunity to provide testimony in support of an increase in the tax on other tobacco products.

Tobacco causes so many health, social, and financial problems in addition to COPD. Please vote in favor of SB233, SD1. Thank you for carefully considering this matter. Please do not hesitate to contact me if I can provide any additional information.

Aloha,
Valerie Chang, JD
Executive Director
Hawaii COPD Coalition
Website: <http://hawaiicopd.org>,
e-mail: copd.hawaii@yahoo.com
(808)699-9839
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Honolulu, HI 96813



COALITION FOR A
TOBACCO-FREE HAWAII

To: The Honorable David Y. Ige, Chair
The Honorable Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means
From: Trisha Y. Nakamura, Esq. Policy and Advocacy Director
Date: February 23, 2011
DM: WAM Cmte; February 24, 2011 at 9:00 a.m.; Rm 211
Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products With Recommended Amendments**

Thank you for the opportunity to comment in support of SB 233, SD 1 which provides for parity between taxes on cigarettes and most other tobacco products, and an earmark for tobacco prevention efforts. In addition, we offer some recommendations that we feel will help further carry out the intent of this measure: increased health of Hawaii's people and tax parity between cigarettes and other tobacco products.

The Coalition for a Tobacco Free Hawaii (Coalition) is the only independent organization in Hawaii whose sole mission is to reduce tobacco use through education, policy and advocacy. The Coalition provides leadership for the tobacco control community, develops networks, helps coordinate tobacco control programs and builds community awareness.

Health is Promoted By Increasing the Tax on Tobacco Products Other Than Cigarettes

By increasing the cost of each tobacco product sold, use of smokeless tobacco by adults and young people will decrease. This will result in a decline in the serious health conditions that arise from use of smokeless tobacco including cancer of the esophagus pharynx, larynx, stomach, and pancreas, gum disease, and the risk of cardiovascular disease.

Adolescents and young adults are two to three times more sensitive to tobacco price changes than adults—less youth will begin to start using smokeless tobacco and more will reduce their consumption. Hawaii has seen youth use of smokeless tobacco fluctuate despite our decreasing smoking rates. This is a concern: children and adolescents who use smokeless tobacco, especially if they are male, are at an increased risk to become cigarette smokers.

Parity in Taxes on Cigarettes & Other Tobacco Products Through a Flat Tax Is Imperative

The Coalition supports efforts to set the tax on other tobacco products comparable to the tax on cigarettes. With the increase proposed in SB 233, consumers will not be able to switch from one



form of tobacco to another. This measure will ensure most other tobacco products are not more “price-friendly” than cigarettes. More consumers are more likely to quit.

By setting a flat tax per article, the amount consumers have to pay for tobacco is higher to start with regardless of the cost of the item or weight itself; such discourages new tobacco users from purchasing. A higher flat tax per article works more effectively than weight-based taxes, which the tobacco industry can work around by adjusting the weight of its products. There are a number of emerging other tobacco products that would best be covered by a flat tax. These products are very light and range in manufacture and design—from spitless pouches, to sticks or pellets of tobacco. We urge you to maintain a flat tax per article that is comparable to cigarettes.

A Portion of the Revenues Must Be Earmarked for Tobacco Prevention and Treatment

Hawaii residents overwhelmingly agree (91 percent) that it’s important for the state to earmark some of the revenue to fund tobacco prevention and quit smoking programs. When the price of tobacco increases, more seek help to quit. It’s necessary we have community resources including the Quitline, the American Lung Association, and services at community health centers to help tobacco users address their nicotine addiction. We ask that you earmark the funds to tobacco prevention **and** tobacco dependence treatment.

We strongly support this measure and urge you to dedicate a portion of the revenue to programs that help tobacco users quit. We also urge you to maintain existing funding for tobacco prevention and quit smoking programs to meet the demand.

The Coalition Recommends Language to Ensure Tax Parity and Health Benefits in the Future

The Coalition urges the Legislature to consider language that would result in the continued parity between the taxes on tobacco products and cigarettes. When the tax on cigarette increases, the tax on other tobacco products would also increase. In addition, more parity is created when products are sold in larger quantities, rather than in single or small amounts.

Here is the draft language :

Section 7. Chapter 245 of the Hawaii Revised Statutes, section 245-3, is hereby amended by adding new subsection (14) as follows:



(14) An excise tax equal to ninety per cent of the wholesale price of each article or item of tobacco products, other than cigars, and equal to fifty percent of the wholesale price for large cigars sold by the wholesaler or dealer on and after July 1, 2011, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer, except that:

(a) for large cigars there shall be a minimum tax rate equal to the amount of the total tax on a pack of 20 cigarettes established by this chapter per package of five cigars, with a proportionate tax for any package or quantity of cigars consisting of fewer or more than five cigars, and no cigars with a wholesale price of less than \$1.00 per cigar shall be sold in packages of fewer than five;

(b) for any tobacco product other than cigarettes or cigars that is offered in discrete single-use lozenges, pouches, pills, capsules or other single-dose or single-use units, or in packages of such single-use units, there shall be a minimum tax equal to the amount of the total tax per-cigarette established by this chapter per each single-use unit, and all such tobacco products shall be sold in packages containing at least twenty individual single-use units;

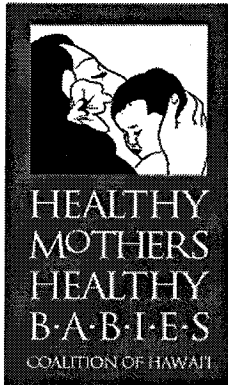
(c) for any smokeless tobacco product that consists of loose tobacco or that is otherwise not subject to paragraph (b), there shall be a minimum tax equal to the amount of the total tax on a pack of 20 cigarettes established by this chapter per 1.2 ounces, with a proportionate tax on any weights of fewer or more than 1.2 ounces, based on the net weight as provided in good faith by the manufacturer, and all such tobacco products shall be sold in packages containing at least one ounce;

(d) for roll-your-own tobacco and any other loose tobacco meant for smoking, there shall be a minimum tax equal to the amount of the total tax on a pack of 20 cigarettes established by this chapter per 0.65 ounces with a proportionate tax on any other weights, based on the net weight as provided in good faith by the manufacturer, and all such tobacco products shall be sold in packages containing at least 0.65 ounces; and

(e) for any other tobacco product, there shall be a minimum tax equal to the total tax under this chapter on twenty cigarettes per each package or container that contains any such tobacco product intended or expected for final sale to consumers, with the tax applied to the smallest package or container in any package or container intended or expected for sale to consumers that contains multiple smaller packages or containers.

The Coalition also requests that Section 2 of the bill that creates Section 245-3(a)(12) be amended to fund tobacco prevention programs and tobacco dependence treatment services.

The Coalition requests your consideration of the language proposed and your support of creating parity between other tobacco products and cigarettes. Thank you for the opportunity to provide comments in support of this measure.



February 23, 2011

TO: Senator David Y. Ige, Chair, Senator Michelle Kidani, Vice Chair and Members of the Committee on Ways and Means
FROM: Jackie Berry, Executive Director
RE: SB 233, SD1
Hearing: Thursday, February 24, 2011 at 9:00 am.

Honorable Chairperson Ige, Vice Chairperson Kidani and Members of the Committee On Ways and Means

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 233, SD1 Relating to Tobacco Products.** This bill would impose an excise tax on tobacco products other than cigarettes that is equivalent to the tax imposed on a standard package of twenty cigarettes or little cigars. Tax increases will not only bring in additional revenue, they will reduce tobacco use, particularly among our young people. Youth are two to three times more sensitive to tobacco price changes than adults. Chew, as well as new and emerging products are being marketed to you, and, it is working – rates of smokeless tobacco use among high school students rose from 2.8% to 3.7% between 2003 and 2007.

HMHB is particularly concerned about tobacco use by young women. Research indicates the importance of healthy behaviors prior to pregnancy have on birth outcomes. What women do prior to pregnancy will affect their babies. Healthy Women have Healthy Babies, and healthy women do not use tobacco products.

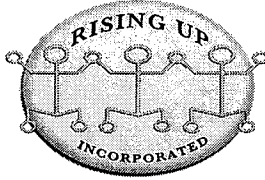
We ask that you **support** this bill..

Mahalo for your consideration of this bill and our testimony.

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

E-mail: jackieb@hmhb-hawaii.org website: www.hmhb-hawaii.org

Rising Up, Inc.



Strengthening Community Potential through Fiscal Sponsorship Services

February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products**
WAM Cmte; February 24, 2011 at 9:00 a.m.; Rm 211 Decision Making

Thank you for allowing me to submit testimony in strong support of SB 233, SD 1. My name is Cara Sadira. I work for Rising Up, Inc. which does tobacco treatment training for physicians and college students statewide. I support SB 233, SD 1 because it is a win-win for our State.

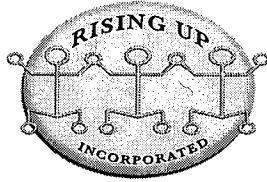
Our state will see more tax revenue and we will see less people using tobacco products, leading to preventable disease. Smokeless tobacco use leads to serious health issues including esophageal cancer, gum disease; and it increases the risk for cardiovascular disease.

An increase in the cost on tobacco products will result in less people using smokeless tobacco. Youth are more sensitive to prices than adults. We must do as much as we can to prevent youth from using tobacco. Children, especially boys and young men, who use smokeless tobacco are at an increased risk to become future smokers.

As cigarette tax increases rise, smokers will look at quitting or they will find cheaper means to continue using tobacco. We must be sure taxes on all tobacco products are equitable so that those who are addicted to nicotine will quit. More smokers quitting means less costs to our state in tobacco-related medical expenses.

Rising Up, Inc. is a Registered 501©3 Nonprofit Organization
Providing Umbrella Nonprofit Status to Charitable Community Projects * Tax ID: 41-1731788
Contact: CEO & Board Chair, Cara Sadira, Master of Nonprofit Management * Telephone (808) 557-4838
E-mail cara@risingupinc.org * Website: www.risingupinc.org

Rising Up, Inc.



Strengthening Community Potential through Fiscal Sponsorship Services

I ask that you pass this measure out with the earmark to support the treatment of tobacco dependence. This will allow programs to provide support to those who want help to quit tobacco use.

Thank you for the opportunity to provide testimony in support of an increase in the tax on other tobacco products.

Cara Sadira.

Cara Sadira
CEO and Board Chair
Rising Up, Inc.

RON FLECK, M.S., C.R.C. VOCATIONAL CONSULTANT

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February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products**
WAM Cmte; February 24, 2011 at 9:00 a.m.; Rm 211 Decision Making

Thank you for allowing me to submit testimony in strong support of SB 233, SD 1. My name is Ron Fleck, Vocational Consultant, and I support SB 233, SD 1 because it is a win-win for our State.

Our state will see more tax revenue and we will see less people using tobacco products, leading to preventable disease. Smokeless tobacco use leads to serious health issues including esophageal cancer, gum disease; and it increases the risk for cardiovascular disease.

An increase in the cost on tobacco products will result in fewer people using smokeless tobacco. Youth are more sensitive to prices than adults. We must do as much as we can to prevent youth from using tobacco. Children, especially boys and young men, who use smokeless tobacco are at an increased risk to become future smokers.

As cigarette tax increases rise, smokers will look at quitting or they will find cheaper means to continue using tobacco. We must be sure taxes on all tobacco products are equitable so that those who are addicted to nicotine will quit. Greater number of smokers quitting means less costs to our state in tobacco-related medical expenses.

I ask that you pass this measure out with the earmark to support the treatment of tobacco dependence. This will allow programs to provide support to those who want help to quit tobacco use.

Thank you for the opportunity to provide testimony in support of an increase in the tax on other tobacco products.

Aloha



Ron Fleck, M.S., CRC

February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products**
WAM Cmte; February 24, 2011 at 9:00 a.m.; Rm 211 Decision Making

Thank you for allowing me to submit testimony in strong support of SB 233, SD 1. My name is _____ Ann Jimenez McMillan, MPH. I am consultant for public health initiatives and former Fund Development Board Chair and current member of Coalition for Tobacco-Free Hawaii, which does advocacy for tobacco control. I support SB 233, SD 1 because it is a win-win for our State.

These funds can contribute toward increase State tax revenue for tobacco control programs and decrease health care costs, and work hours lost due to tobacco related illness; and we will see less people using tobacco products, leading to preventable disease. Smokeless tobacco use leads to serious health issues including esophageal cancer, gum disease, pancreatic (usually detected in late stage leads to death in 6 months) and stomach cancers; and it increases the risk for cardiovascular disease.

An increase in the cost on tobacco products will result in less people using smokeless tobacco. Youth are more sensitive to prices than adults. We must do as much as we can to prevent youth from using tobacco. Children, especially boys and young men, who use smokeless tobacco are at an increased risk to become future smokers.

As cigarette tax increases rise, smokers will look at quitting or they will find cheaper means to continue using tobacco. We must be sure taxes on all tobacco products are equitable so that those who are addicted to nicotine will quit.

I ask that you pass this measure out with the earmark to support the treatment of tobacco dependence. This will allow programs to provide support to those who want help to quit tobacco use.

Thank you for the opportunity to provide testimony in support of an increase in the tax on other tobacco products.

February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products**
WAM Cmte; February 24, 2011 at 9:00 a.m.; Rm 211 Decision Making

Thank you for allowing me to submit testimony in strong support of SB 233, SD 1. My name is Ellen M. Cunningham. I am an education consultant and youth mentoring volunteer. I support SB 233, SD 1 because it is a win-win for our State.

Our state will see more tax revenue and we will see less people using tobacco products, leading to preventable disease. Smokeless tobacco use leads to serious health issues including esophageal cancer, gum disease; and it increases the risk for cardiovascular disease.

An increase in the cost on tobacco products will result in less people using smokeless tobacco. Youth are more sensitive to prices than adults. We must do as much as we can to prevent youth from using tobacco. Children, especially boys and young men, who use smokeless tobacco are at an increased risk to become future smokers.

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February 23, 2011

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Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products**
WAM Cmte; February 24, 2011 at 9:00 a.m.; Rm 211 Decision Making

Thank you for allowing me to submit testimony in strong support of SB 233, SD 1. My name is Megan Inada. I work for Kokua Kalihi Valley Comprehensive Family Services, which provides comprehensive services to support the health of our community. I support SB 233, SD 1.

This bill will not only increase the tax revenue to our State, but it will also encourage people to quit using tobacco products, helping to prevent tobacco related diseases. It has been shown that smokeless tobacco use leads to serious health issues including esophageal cancer, gum disease; and it increases the risk for cardiovascular disease. Unfortunately many people in our community are unaware of the dangers of smokeless tobacco and see it as a safer and cheaper alternative to smoking.

We are currently outreaching to our community to educate them on the dangers of smokeless tobacco. An increase in the cost on tobacco products will help us in our efforts to decrease the use of smokeless tobacco in our community. Making sure taxes on all tobacco products are equitable will help motivated those who are addicted to nicotine to quit. The more tobacco users who quit, the more our state saves in tobacco-related medical expenses.

I ask that you pass this measure out with the earmark to support the treatment of tobacco dependence. If we raise prices without providing supportive services for people to quit, it can cause even more hardship for people, especially those who are already struggling to survive. These earmarked funds will allow programs like ours, to provide support to those who want help to quit tobacco use.

Thank you for the opportunity to provide testimony in support of an increase in the tax on other tobacco products.

M A R I L Y N J . G A G E N , C P A L L C

February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **Strong Support for SB 233, SD 1 Relating to Tobacco Products**
WAM Committee - February 24, 2011 9:00AM - Room 211 Decision
Making

Thank you for allowing me to submit testimony in strong support of SB 233, SD 1. My name is Marilyn J. Gagen. I am a self-employed CPA. I support SB 233, SD 1 because it is a win-win for our State. Our state will see more tax revenue and we will see less people using tobacco products, leading to preventable disease. Smokeless tobacco use leads to serious health issues including esophageal cancer, gum disease; and it increases the risk for cardiovascular disease.

An increase in the cost of tobacco products will result in less people using smokeless tobacco. Our youth are more sensitive to prices than adults. We must do as much as we can to prevent our youth from using tobacco. Children, especially boys and young men, who use smokeless tobacco are at an increased risk to become future smokers.

As the cigarette tax increases, smokers will look at quitting or they will find cheaper means to continue using tobacco. We must be sure taxes on all tobacco products are equitable so that those who are addicted to nicotine will quit. More smokers quitting means less costs to our state in tobacco-related medical expenses.

I ask that you pass this measure out with the earmark to support the treatment of tobacco dependence. This will allow programs to provide support to those who want help to quit tobacco use.

Thank you for the opportunity to provide testimony in strong support of an increase in the tax on other tobacco products.

February 23, 2011

To: Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair
Members, Senate Committee on Ways and Means

Re: **SB 233** Relating to Tobacco Products

Thank you for the opportunity to provide testimony against an increase in the tax on other tobacco products. SB 233 proposes additional taxes for "each article or item of tobacco products, other than large cigars". Presumably this includes smokeless tobacco, along with new products such as "snus", "orbs", "sticks" and "strips".

I understand why tobacco products that produce smoke are taxed, given the real harm done by active smoking. The risks of smokeless tobacco products (less toxic) are not comparable to active smoking (highly toxic) and therefore they should not be taxed in the same way as cigarettes, little cigars or large cigars. See "Taxing Tobacco By Risk": http://www.ncpa.org/sub/dpd/index.php?Article_ID=20212

Compared to active smoking, there is a 90% reduction in the relative risk of using smokeless tobacco. And "snus" are associated with a 95-99% health risk reduction. In Sweden, "snus" use among men has led to reduced cigarette use.

Other Nicotine Replacement products are used for people to quit smoking, including patches and gum. It is likely that smokeless tobacco products are or could be used in this way. Is the aim of this tax to truly affect public health or is the aim to demonize any tobacco use, even though it is much less harmful than active smoking and produces no secondhand smoke?

See "Tobacco Harm Reduction 2010: A Yearbook of Recent Research and Analysis". Available at: <http://www.tobaccoharmreduction.org/thr2010ahi.pdf>

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 23, 2011 2:10 PM
To: WAM Testimony
Cc: rschuetter@ucera.org
Subject: Testimony for SB233 on 2/24/2011 9:00:00 AM
Attachments: SB 233 SD 1 Boiler Plate[1].doc

Testimony for WAM 2/24/2011 9:00:00 AM SB233

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Renee Schuetter
Organization: The Path Clinic
Address:
Phone:
E-mail: rschuetter@ucera.org
Submitted on: 2/23/2011

Comments: