

**HB 273**

**HD1, SD1**

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Tax on other tobacco products

BILL NUMBER: HB 273, 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 \$\_\_\_\_\_ instead of 70% of the wholesale price effective July 1, 2011. An excise tax of \_\_\_\_\_% shall be imposed on the wholesale price of each article or item of tobacco product, other than cigars, and equal to \_\_\_\_\_% 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; provided that: (1) for large cigars there shall be a minimum tax equal to the amount of the total tax on a pack of twenty cigarettes established by this chapter per package of five cigars, with a proportionate tax for any other quantity of cigars; provided that no cigar with a wholesale price of less than \$1.00 per cigar shall be sold in packages of fewer than five; (2) for tobacco products, excluding cigarettes or cigars, that is offered in discrete single-use lozenges, pouches, pills, capsules or other single-dose or 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; provided that all tobacco products subject to this subparagraph shall be sold in packages containing at least twenty individual single-use units; (3) for any smokeless tobacco product that consists of loose tobacco or that is otherwise not subject to any other tax, there shall be a minimum tax equal to the amount of the total tax on a pack of twenty cigarettes established by this chapter per 1.2 ounces, with a proportionate tax based on the net weight as provided in good faith by the manufacturer; provided that all tobacco products subject to this paragraph shall be sold in packages containing at least one ounce; (4) for roll-your-own tobacco and any other loose smoking tobacco, there shall be a minimum tax equal to the amount of the total tax on a pack of twenty cigarettes established by this chapter per 0.65 ounces with a proportionate tax on any other weight, based on the net weight as provided in good faith by the manufacturer; provided that all tobacco products subject to this subparagraph shall be sold in packages containing at least 0.65 ounces; and (5) 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 tobacco product subject to this subparagraph 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.

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

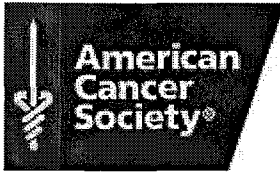
EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: The proposed measure provides that the tax on tobacco products other than large cigars shall be \$\_\_\_\_\_ rather than 70% of the wholesale price. The measure also imposes an excise tax on all other tobacco products in proportion to the corresponding tax on cigarettes. While the measure also requires tobacco products to be sold in specific quantities, it is questionable whether the tobacco products are packaged by the manufacturer in the quantities delineated in the measure. After reviewing the proposed schedule of taxing other tobacco products, one has to wonder what the cost will be to both administer, as well as comply with these provisions. One of the tenets of good tax policy is that the tax should be simple and easy to understand and that administration and compliance should not cost more than the tax itself. This proposal certainly does not meet those standards.

The proposed measure also would provide that \_\_\_\_ of each article or item of tobacco product sold, except large cigars, shall be used by the department of health for tobacco prevention programs and tobacco dependence treatment services. It should be noted that if the initial amount proposed by this measure is insufficient to fund the proposed purposes, there is no doubt, that such amount will be increased to generate adequate revenues for the program. 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 exercised in targeting these products for specific programs or services.

Finally, lawmakers should make up their mind on whether or not taxation of tobacco products is for the purpose of discouraging the use of the product or is it to raise funds to run state government. If the former is the goal, then why not just ban the product? If on the other hand lawmakers consider this a revenue source, then care needs to be exercised in pushing the limits that might otherwise discourage consumption or drive consumers to other untaxed sources for the product. Further, what has been left out of this discussion is the impact that such substantial increases in the tax will have on those whose businesses depend on these sales. If the cost the product goes so high that those retailers no longer can sell the product, will they close up shop and go out of business at which point there is a loss of jobs, a loss of income, and a loss of net income and general excise taxes.

Digested 3/30/11



March 31, 2011

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

**Hearing:**

3:00 p.m., Friday, April, 2011  
Hawaii State Capitol, Room 211

**RE: HB 273, HD1, SD1, Relating to Tobacco Products**

**Testimony in Strong Support**

Chair Ige, Vice Chair Kidani and members of the Committee on Ways and Means, on behalf of the American Cancer Society Hawaii Pacific Inc., thank you for the opportunity to offer written testimony in strong support of HB 273, HD1, SD1, which would impose an excise tax on tobacco products other than large cigars.

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 treatment, and advocacy, which includes strongly supporting tobacco tax initiatives.

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 is trending upwards.

We 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.”**

In closing we ask the committee to 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 this testimony in strong support of HB273, HD1, SD1.

Very truly yours,



George S. Massengale, JD  
Director of Government Relations



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  
DM: WAM Cmte; April 1, 2011 at 9:00 a.m.; Rm 211  
Re: **Strong Support for HB 273, HD 1, SD 1 Relating to Tobacco Products**

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Thank you for the opportunity to comment in support of HB 273, HD 1, SD 1 which provides for parity between taxes on cigarettes and most other tobacco products by setting a minimum tax on most other tobacco products comparable to cigarettes, and an earmark for tobacco prevention efforts. Please also note our recommendations to add clarity in the proposed tax structure.

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

By increasing the cost of each tobacco product sold and making it comparable to cigarettes, tobacco use 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, and a decrease in the diseases caused by smoking roll-your-own tobacco.

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 other tobacco products 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 smokers.

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

The Coalition supports efforts to set a minimum tax on other tobacco products that is comparable to the tax on cigarettes. By creating parity, consumers will be more inclined to reduce tobacco use. We urge this Committee to ensure other tobacco products are not more “price-friendly” than cigarettes. This will encourage more tobacco users to quit and keep youth from starting.

By setting a minimum tax per article, the amount consumers have to pay for other tobacco products is comparable to cigarettes, regardless of the cost of the item or weight itself; such discourages new tobacco users from purchasing. Setting a minimum tax per article works more effectively than weight-based taxes alone, which the tobacco industry can work around by



## COALITION FOR A TOBACCO-FREE HAWAII

adjusting the weight of its products. There are a number of emerging other tobacco products that would best be covered by a minimum tax comparable to cigarettes. 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 minimum tax per article that is comparable to cigarettes.

### **Setting Minimum Amounts for Sale Is Critical to Decreasing and Preventing Initiation of Tobacco Use, Increasing Public Health Benefits**

Just as Hawaii mandates that cigarettes must be sold in packs of twenty, this measure sets minimum amounts of units for sale. Setting minimum amounts for sale ensures that products will not be sold as “singles” for a lesser price than an entire unit, decreasing the likelihood that youth and others will purchase and use them. For example, blunt wrappers which are normally sold individually, would be required to be sold in packs of 20 pursuant to Section 245-3(a)(14)(B) proposed in section 1 of the bill. In addition, smokeless tobacco products like Marlboro Snus (now sold in packs of 6) and Camel Snus (sold in packs of 15) would be sold in packs of 20.

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

Hawaii residents overwhelmingly agree (89 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 maintain earmark the funds to tobacco prevention and tobacco dependence treatment services.

We strongly support this provision and urge you to retain this language that dedicates 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 Clarifying Language**

The Coalition appreciates this draft as it incorporates language that ensures the tax on most other tobacco products will continue to be on par with cigarettes. For clarity, we ask that you make the following amendments: in section one of the bill, the referenced subsections (a)(12) and (13) can be eliminated as the provision for taxes on other tobacco products and cigars would be covered in subsection (a)(14) where the tax is set at a percentage of the wholesale price as long as it



meets the requirements of set forth below it from provisions in (A) through (E). We urge you to set the percentage for all other tobacco products at 90% of wholesale price.

The Coalition requests your consideration of the recommended changes 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.

*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.*





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## Testimony SUPPORTING INTENT of HB 273, HD1, SD1 "Relating To Tobacco Products"

The American Heart Association supports the intent of HB 273, HD1, SD1, but recommends that a portion of the new revenue be earmarked to support tobacco prevention, control and cessation programs.

Hawaii's current investment in tobacco control remains well below the Centers for Disease Control's recommended spending in tobacco and prevention. The CDC recommends that Hawaii invest \$15.2 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.

The AHA released a policy statement on the impact of smokeless tobacco products on cardiovascular disease in September 2010. Based on a review of existing studies done to date, that statement concluded that smokeless tobacco should not be recommended as an alternative to cigarette smoking or as a smoking cessation product. There is evidence that long-term smokeless tobacco product use may be associated with a greater risk of fatal heart attack and fatal stroke, and suggesting that smokeless tobacco product use may complicate or reduce the chance for survival after a heart attack or stroke. In addition to potential cardiovascular disease risk, smokeless tobacco product use is associated with an increased risk of some cancers and with oral disease, and it is addictive. Furthermore, the promotion of smokeless tobacco may lead to fewer people quitting smoking and more dual use of cigarettes and smokeless tobacco products. It stated that clinicians should continue to discourage use of all tobacco products and emphasize the prevention of smoking initiation and smoking cessation as the primary goals for tobacco control.

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**Oahu:**  
677 Ala Moana Blvd., Ste. 600  
Honolulu, HI 96813-5485  
Phone: 808-538-7021  
Fax: 808-538-3443

**Maui County:**  
J. Walter Cameron Center  
95 Mahalani Street, No. 13  
Wailuku, HI 96793-2598  
Phone: 808-224-7185  
Fax: 808-224-7220

**Hawaii:**  
400 Hualani Street, Ste. 15  
Hilo, HI 96720-4333  
Phone: 808-961-2825  
Fax: 808-961-2827

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### **The Best Way To Tax Smokeless Tobacco Is With A Percentage-of-Price Tax (Weight-Based Taxes Hurt State Revenues and Increase Youth Use)**

To protect state revenues, promote tax equity, and most effectively prevent and reduce tobacco use, especially among youth, states must avoid simple weight-based tax systems for moist snuff or smokeless tobacco. Taxing smokeless tobacco at a percentage of wholesale price better accommodates the many varieties of smokeless tobacco products, keeps up with inflation and product pricing over time, better promotes public health, and is much fairer than a simple weight-based tax. A simple percentage-of-price tax could allow brands sold at low predatory or anti-competitive prices to evade reasonable taxation, but adding a minimum tax can solve that problem. Switching to a simple weight-based tax, however, would create a host of new tax loopholes, reduce revenues, and cause other problems for the state.

#### **Percentage-of-Price Taxes (and How to Make Them Even Better)**

The most common practice among the states is to tax smokeless tobacco – and all other tobacco products other than cigarettes – at a percentage of their wholesale price (sometimes referred to as the manufacturer's price) tax.

A percentage-of-price tax is one of the simplest and most effective ways to tax OTPs because it establishes an identical percentage tax rate, or flat tax, on all the different types, brands, weights, and packages of OTPs, and it keeps up with inflation over time. But state percentage-of-price taxes have come under attack by UST (the largest U.S. smokeless tobacco company, now owned by Altria, the parent company of Philip Morris USA) for subjecting UST's higher-priced, premium brands of regular moist snuff to a larger tax, per can or package, than brands with much lower prices. A higher per-can tax on higher-priced premium products (when all products pay the same flat-tax percentage rate) actually makes sense because those premium products bring in much larger amounts of income and profits per can. However, Hawaii can effectively address the problem of some smokeless brands being sold at bargain-basement or predatory prices not paying an adequate tax per can by supplementing the state's percentage-of-price tax with a reasonable minimum tax.

An effective minimum tax could simply state that any smokeless product with a wholesale price of less than \$2.50 per ounce shall be taxed as if its price were \$2.50 per ounce. Or even better, the minimum tax could set the tax rate on smokeless to be the higher of the percentage-of-price tax, or an amount equal to the state's tax on a pack of 20 cigarettes for each 1.2 ounces (a standard can of smokeless, roughly equal to a pack of cigarettes, weighs 1.2 oz.).

#### **The Problems with A Simple Weight-Based Tax (and How to Fix Them)**

Some states tax moist snuff tobacco products (a subset of all smokeless tobacco) on a per-weight basis. This approach has been pushed aggressively for years by UST. The advantages to UST and Altria from a state switching to a simple weight-based tax are enormous. It will sharply increase the tax on the lower-priced moist snuff smokeless sold by UST's competitors; and, over time (if not immediately), it will reduce the tax on UST's and Philip Morris's own premium smokeless products. In fact, getting a weight-based tax established is so beneficial to UST and Altria that they often design the tax-switch proposals to be especially attractive to states to make state moist snuff tax revenues increase in the year following the switch. But UST and Altria fail to inform the states that the switches they propose will, over time, actually increase overall smokeless tobacco use, especially among kids, and significantly reduce state revenues.

In fact, the simple weight-based proposals and laws supported by UST and Altria suffer from several major structural flaws:

- Unlike a percentage-of-price tax, a simple weight-based tax will not keep up with inflation or product price increases. As a result, the weight-based tax will erode over time, bringing the state increasingly lower revenues than a percentage-of-price tax. This problem can be fixed by adding in automatic inflation adjustment to the weight-based tax or by setting the weight-

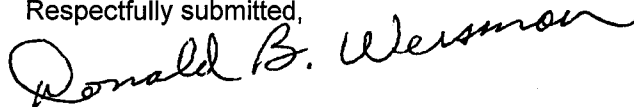
based tax amount to equal the state's tax on a pack of 20 cigarettes (so that the weight-based tax will go up every time the state increases its cigarette tax).

- Unlike a percentage-of-price tax, a simple weight-based tax will grossly under-tax the new generation of super-light-weight moist snuff products, sharply reducing future state revenues. The newest trend in smokeless is toward very low weight spit-less, prepacked, single-dose units – such as UST's Skoal Dry, Philip Morris's Marlboro Snus, and RJ Reynolds Camel Snus and new Camel Dissolvable Orbs, Sticks, and Strips. Weighing as little as one-eighth as much per dose as standard moist snuff that comes in a can, these emerging new products pay almost nothing under a weight-based tax. This problem can be fixed by making sure that any weight-based tax applies only to conventional moist snuff (e.g., moist snuff that has a moisture content no lower than 45%) and not to any smokeless tobacco products that come in discrete, single-use units or doses.
- The weight-based tax proposals being pushed by UST, Altria and front groups supporting them require states to rely on whatever weight the manufacturer lists on the can or package when calculating the tax owed, leaving the door wide open door to fraud and abuse. This problem can be fixed by applying any weight-based tax to the weight listed in good faith by the manufacturer, as periodically confirmed by the state department of budget and finance.
- A simple weight-based tax increases youth tobacco use and related public health harms. UST's best-selling premium smokeless tobacco products are among the most popular with youth, with just two of its brands (Copenhagen and Skoal) accounting for roughly half of all youth consumption. By reducing the taxes and prices on these brands, either immediately or over time, the simple weight-based taxes supported by UST and Altria directly increase youth smokeless initiation and use, dooming even more kids to a lifetime of tobacco addiction and related harms. This problem can be largely avoided by implementing the fixes described above; but a more effective solution would be to set the state's tax on smokeless to be the higher of a percentage-of-price tax or the fixed weight-based tax.

Simple weight-based tax systems for moist snuff or smokeless contradict tax equity, create tax loopholes, and are bad for state revenues and public health. Fortunately, these problems can be fixed quite easily with common sense modifications. Similarly, concerns regarding percentage-of-price tax systems can be effectively addressed (without causing any new problems) by adding a minimum tax. Moreover, adding minimum tax will also bring the state new revenues (and public health benefits) both in the short term and over time.

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 Government Relations Director



**KOKUA KALIHI VALLEY** (*Comprehensive Family Services*)  
2239 North School Street, Honolulu, Hawaii 96819  
Tel #(808) 791-9400 ♦ Fax #(808) 848-0979 ♦ www.kkv.net

March 31, 2011

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

Re: **Strong Support for HB 237, HD1, SD1, Relating to Tobacco Products**  
Committee on Ways and Means Friday, April 1, 2011, 9 am  
Conference Room 211

Thank you for allowing me to submit testimony in strong support of HB 273, HD 1, SD 1. My name is Megan Inada. I work for Kokua Kalihi Valley Comprehensive Family Services, which provides holistic care to strengthen the health of our community, including tobacco cessation and prevention services. I support HB 237 because it is a win-win for our State.

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 morbidity and early mortality. 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. Including creating in-language health education materials, outreaching at community events, and we recently organized a tobacco free track event which over 300 community members attended. 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.

Sincerely,

Megan Inada, MPH  
Tobacco Programs Coordinator  
Kokua Kalihi Valley Comprehensive Family Services

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**From:** Forrest Batz [fbatz@hawaii.edu]  
**Sent:** Thursday, March 31, 2011 3:36 PM  
**To:** WAM Testimony  
**Subject:** Testimony in support of HB 273, HD 1, SD 1

Dear Ways and Means Committee,

Thank you for allowing me to submit testimony in strong support of HB 237. My name is Forrest Batz. I serve on faculty in the Department of Pharmacy Practice, University of Hawaii at Hilo College of Pharmacy.

Passage of HB 237 will increase tobacco-related tax revenue, reduce the number of people using tobacco products and reduce the number of people who experience preventable, tobacco-related disease and death.

An increase in the cost of tobacco products will result in fewer people using smokeless tobacco. Youth are more sensitive to price 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 taxes rise, smokers will look at quitting or find cheaper means to continue using tobacco. We must ensure taxes on all tobacco products are equitable so that those who are addicted to nicotine avoid being driven to a less expensive form of tobacco. More tobacco users quitting means lower tobacco-related medical expenses for our state.

In addition, I ask you to earmark a portion of this new tax to fund tobacco cessation and prevention programs. These programs are successful, cost-effective and have seen dramatic funding cuts in recent years.

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

**Forrest Batz, PharmD**  
Assistant Professor, Department of Pharmacy Practice



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<http://pharmacy.uhh.hawaii.edu>



March 31, 2011

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

Re: **Strong Support for HB 273, HD 1, Relating to Tobacco Products**  
WAM Cmte; April 1, 2011 at 9 am.; Rm 211

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 **22,000 to 30,800 of Hawaii adults (2.2-3.2%) 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. **COPD is responsible for \$55.9 million in emergency and hospital charges in 2008.** 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>.

The Hawaii COPD Coalition strongly *supports* HB273, HD1 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.

Tobacco causes so many health, social and financial problems in addition to COPD. Please vote in favor of HB273, HD1. 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](mailto:copd.hawaii@yahoo.com)  
(808)699-9839  
733 Bishop Street, Suite 1550

Honolulu, HI 96813

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

March 31, 2011

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

RE: **STRONG SUPPORT FOR THE INTENT OF HB 273, HD 1, SD 1:  
RELATING TO TOBACCO PRODUCTS**

**FOR APRIL 1, 2011 SENATE WAYS AND MEANS DECISION  
MAKING AT 9:00 A.M. IN ROOM 211**

Thank you for allowing me to submit testimony in strong support of HB 273. My name is Marilyn J. Gagen. I am a self-employed CPA. I support HB 273 because it is good for our State.

Our state will see more tax revenue and we will see less people using tobacco products, thus reducing the incidence of 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. I also ask that you earmark some of this tax to fund tobacco cessation and prevention programs.

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



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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, March 31, 2011 11:17 AM  
**To:** WAM Testimony  
**Cc:** tobaccosofhawaii@yahoo.com  
**Subject:** Testimony for HB273 on 4/1/2011 9:00:00 AM

Testimony for WAM 4/1/2011 9:00:00 AM HB273

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Justin Ingram  
Organization: Individual  
Address:  
Phone:  
E-mail: [tobaccosofhawaii@yahoo.com](mailto:tobaccosofhawaii@yahoo.com)  
Submitted on: 3/31/2011

Comments:  
SB273 Written Testimony

To Whom It May Concern,

My name is Justin Ingram and I am the manager of Tobaccos of Hawaii. At Tobaccos of Hawaii we sell all types of tobacco products our main focus being premium cigars. As the manager of the store I am familiar with the spending habits of tobacco consumers. Whenever a tax increase goes into effect on any tobacco product sales decline. I have been told by customers again and again that they now buy the majority of their tobacco products via the internet or mail order. They are purchasing their products from states with lower tobacco taxes. When they do the State of Hawaii loses out on the tobacco tax and general excise tax. When the state increases the tax on tobacco products the state loses revenue.

I am against increased taxes on any tobacco product and don't see it as beneficial to the state or small businesses.

I am for a wholesale tax cap on premium cigars that reduces the tax on this product. With a tax reduction more cigars would be bought in the state and I believe there would be an increase in tobacco tax collected. The state would also receive the general excise tax from these sales. In addition small local business will see a boost in revenue.

Thank for your time.  
Justin Ingram

March 31, 2011

TO: Chair David Y. Ige and Members of the Senate Ways and Means  
Committee

FROM: Cigar Association of America, Inc.  
(William Goo)

RE: Comments on HB 273, HD1, SD1 Relating to Tobacco Products  
Hearing Date: April 1, 2011 at 9:00 a.m.

My name is William Goo. I represent the Cigar Association of America, Inc. (CAA).  
CAA offers the following comments to HB 273, HD1, SD1.

With regard to cigars, increasing the amount of the excise tax would not necessarily be a deterrent to their use. The imposition of an additional tax will significantly affect cigar sales by local retailers here in Hawaii. What these retailers believe will inevitably happen is that cigar users will resort to alternative and less expensive means to purchase their products which will consequently result in a decrease in tax revenue notwithstanding any proposed increase.

Although the intent of HB 273, HD1, SD1 is to supposedly create a tax parity between cigars (and other tobacco products) and cigarettes, they are separate and distinct products. Cigars have a different consumer base in terms of income and age from cigarettes. Even the manner and amount of consumption is different. Therefore, the argument that equalizing the tax will result in consumers not being able to switch from one form of tobacco to another because of price is simply not true.

With regard to pipe tobacco, as is the case with cigars, any further tax increase would be devastating and not likely to result in any significant increase in tax revenue. In fact, any further increase could have the opposite effect and result in a decrease in sales.

Thank you for your consideration of these comments.

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**From:** Hardy Spoehr [HSpoehr@papaolalokahi.org]  
**Sent:** Thursday, March 31, 2011 7:09 AM  
**To:** WAM Testimony  
**Subject:** Testimony: HB 273, HD1, SD1

Testimony 273, HD1, SD1, Relating to tobacco products

Friday, April 1, 2011  
9:00 am  
Conference Room 211  
State Capitol

Papa Ola Lokahi strongly supports this legislation. Tobacco products generally contribute to many, if not most, of our chronic disease issues. This legislation offers a mechanism to reduce to some extent the negative impacts of tobacco in our island society. Thank you for the opportunity to support this legislation.

Hardy Spoehr, Executive Director  
Papa Ola Lokahi (Native Hawaiian health Board)  
894 Queen Street  
Honolulu, HI 96813  
808-597-6550

Re: HB 273 NO NEW CIGAR OR OTP TAXES!

As a resident of Hawaii I understand the difficult financial situation that exists. We all should do our part to help close the budget gap, however, the premium cigar industry has already contributed much more than its fair share and the proposed increase is disproportionate to other businesses in Hawaii:

- In 2009, President Obama signed into law raising the Federal Tax on cigars by 700% (.05cents per cigar to .43 cents per cigar) At that time the State of Hawaii's share of revenues increased as the additional Federal Tax is included into the cost of goods and the OTP tax is based upon the cost of goods.
- Just two years ago in 2009 the State of HAWAII increased its cigar tax from 40% to 50% representing a 25% increase in this tax.
- HB 273 is proposing a \$3.20 tax for every 5 cigars in addition to the 50% cigar tax. A tax rate this high on cigars just exacerbates the problem of lost local sales to mainland internet and catalog retailers. Consumers will shop for the lowest price on a product, regardless of the product - including cigars. Already, the majority of consumer cigar sales in the United States are Internet and mail-order business-based. Increasing the OTP tax will not generate revenues-it will only drive business out of the state and to mainland mail order and Internet-based retailers. Not only will the state lose OTP tax revenues, it will lose GE excise taxes, business income taxes, and other related taxes paid by the small business owner.
- I propose and would be in support of an amendment to have flat cigar tax cap on large cigars that would allow Hawaii retailers to be competitive with mainland internet and catalog retailers. A convenient number would be to use some of the current wordage in HB 273. Just charge 3.20 per 5 cigars which works out to .64 cents a cigar. This is a fair number that would make Hawaii retailers competitive. For example, Rhode Island has a higher tax but caps each cigar at \$.50 cents. This cap has served to increase tax revenues in Rhode Island as cigars are more competitively priced with online sellers. The recent increases New York made (75%) to their cigar tax has decimated the industry so much so that they are now considering a cap per cigar. Other states that have very high taxes like Washington State and Oregon have also implemented caps that have rejuvenated the industry and increased state tax revenues. Washington tax revenue from large cigar sales nearly tripled between 2007-2009. Having a cap would be a win-win situation for the retailers, the consumers, and for the state in increased tax revenue.

Sincerely,

Jon Fia  
808 672 6665

February 2, 2011

To: Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Members, House Committee on Finance

Re: **Strong Support for HB 273, Relating to Tobacco Products**  
FIN Cmte; February 15, 2011 at 3:00 p.m.; Rm 308

Thank you for allowing me to submit testimony in strong support of HB 273. My name is Valerie K. Saiki. I work for Na Lei Wili Area Health Education Complex, which is the fiscal agent for Kauai's School Based Tobacco Control Program. I support HB 273 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. I also ask that you earmark some of this tax to fund tobacco cessation and prevention programs.

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

Valerie K. Saiki  
Tobacco Control Specialist

February 2, 2011

To: Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Members, House Committee on Finance

Re: **Strong Support for HB 237, Relating to Tobacco Products**  
FIN Cmte; February 15, 2011 at 3:00 p.m.; Rm 308

Thank you for allowing me to submit testimony in strong support of HB 237. My name is Juan Moncada and I support HB 237 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. I also ask that you earmark some of this tax to fund tobacco cessation and prevention programs.

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

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Michelle Magdirila and I am a registered voter in Hawaii. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

While smokeless tobacco use leads to serious health issues including esophageal cancer and gum disease, I'm most concerned about how attractive these products are to youth. Not only are these products cheaper than cigarettes, but they are colorful and fruit-flavored and come across as being less dangerous and addictive than cigarette smoking.

From being a part of doing the Tobacco & Alcohol Advertising Survey (TAAS) with REAL, I have learned a lot which I have not known before. OTPS are being marketed to be something that is "OK" but it's not. It's still tobacco...it's still addictive...and it still kills! OPTS are targeted more towards children than they are adults. Tobacco companies use these tactics to hook new users who will replace customers that die every year. You can't even tell the difference between some OTPS and candy. You put an OTP and a candy side by side and it looks exactly the same, making children think that it is candy. This is wrong.

Research shows that when it comes to tobacco young people are price sensitive. Increasing the taxes will increase the price and may help to keep youth from purchasing them. This will ultimately lead to less people who become addicted to nicotine and save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids from becoming life-long "customers" of the tobacco industry.

Mahalo for your consideration,

Michelle Magdirila  
Molokai REAL

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, March 31, 2011 2:41 PM  
**To:** WAM Testimony  
**Cc:** christopherthebartender.maxwell@gmail.com  
**Subject:** Testimony for HB273 on 4/1/2011 9:00:00 AM

Testimony for WAM 4/1/2011 9:00:00 AM HB273

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Christopher Maxwell  
Organization: Individual  
Address:  
Phone:  
E-mail: [christopherthebartender.maxwell@gmail.com](mailto:christopherthebartender.maxwell@gmail.com)  
Submitted on: 3/31/2011

Comments:

- 1) An attempt to tax cigars and OTP equivalently to cigarettes is inappropriate. They are not equivalent products. A cigarette is used by inhaling into the lungs. Cigars and Pipe tobacco cannot be inhaled (try it sometime).
- 2) If the tax law is not appropriate, and needs to be changed, start from the beginning. Tacking on extra charges here and there makes the law difficult (if not impossible) to both comply with and enforce.
- 3) If it is necessary to add on to the tax piecemeal, a) consider taxing cigars by the stick (many states have a per stick cap), rather than by the "pack of three more or less", since cigars are not generally sold in packs.  
b) consider taxing pipe tobacco by the ounce or pound, since there is no package of any type of tobacco sold in units of .63 ounces (where, in God's name, did whom, come up with this?)  
c) consider informing yourselves as to the nature of the product that you're taxing, perhaps by talking to somebody (and listening) who actually knows something about the industry and the products in question.



March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Nicole Sutton and I am a registered voter in Hawaii. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

Raising the tax on OTPs is a step in the right direction for Hawaii's future. I think it's safe to say that many of know the serious health effects associated with the use of tobacco products, but what is most alarming to me is how these OTP products are so youth-friendly. They are also extremely cheap when compared to cigarettes and therefore are most accessible for youth to experiment with, possibly opening the door to a life-time addiction to nicotine.

We know from research that young people are price sensitive. Increasing the tax will increase the price of these products and may help to keep youth from purchasing them. This will ultimately lead to less people who become addicted to nicotine and save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids from becoming potential life-long "customers" of the tobacco industry.

Mahalo for your consideration,

Nicole Sutton  
Pearl City, Hawaii

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Jennifer Pescador and I am a registered voter in Hawaii. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

Other Tobacco Products are a means that tobacco companies use to get around our state laws that restrict smoking in public places. Tobacco companies know that the less places where people can smoke, the less people will actually smoke. But OTPs are typically smokeless and keep our citizens of Hawaii using nicotine. These products are also extremely attractive to youth and can serve as a gateway to nicotine addiction.

If this law is passed we will lessen the chance that our young people in Hawaii will get hooked on tobacco (nicotine) and even help current tobacco users to quit since the high cost of products is a good motivation to quit altogether. Our state will become not only a healthier place for our people but for the generations of the future.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Jennifer Pescador  
The REAL Movement  
Registered Voter

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

March 31<sup>st</sup>, 2011

My name is Lei Gaspar, a resident of Maui. I'm in strong support of HB 273, which would raise the tax on Other Tobacco Products (OTPs) such as Snus, Skoal, and mini-cigars (cigarillos).

Being a young independent woman in Hawaii, I have noticed the high demand of tobacco products. It is to your advantage of the older generation to help protect our generation from the diseased habit of smoking and nicotine addiction while helping to relieve our youth of the daily doses of stress, depression, and aggravation. Tobacco hinders our health; however, we are constantly bombarded with advertising and newer and better products. New products are becoming more and more youth friendly.

Research shows that when it comes to tobacco young people are price sensitive. Increasing the taxes will increase the price and may help to keep youth from purchasing them. This will ultimately lead to less people who become addicted to nicotine and save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids from becoming life-long "customers" of the tobacco industry.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Mahalo for your consideration,

Lei Gaspar

REAL Member

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Sheryll Yotsuda and I am originally from the island of Kauai, now Oahu. I attend UH-Manoa and represent the young adult generation from the REAL! Alumni Network and I am testifying in support of HB 273, which would effectively increase the tobacco tax on other tobacco products (OTPs) other than cigarettes. **I also believe that all if not some of the revenue should be dedicated to funding tobacco prevention and control efforts like cessation classes.**

Youth use of smokeless tobacco is up among both high school students and middle school students. Rates of Smokeless Tobacco Use in 2003 and 2007. An increase from 2.8% up to 3.7% in high school students; increase from 1.7% to 2.8% for middle school students (Hawaii State Department of Health, Data Highlights from the 2007 Hawaii Youth Tobacco Survey (YTS) and Comparisons with Prior Years. September 2008). Chew as well as new and emerging products are being marketed to youth—with flavored tobacco and stunning packaging designed to lure young people.

By increasing the price of tobacco, smokeless tobacco use will decrease among both adults and youth. In particular, youth are two to three times more sensitive to tobacco price changes than adults.

This is an opportunity to bring in much needed revenue while also helping to reduce youth access to these products. I support HB 273.

Thank you in advance for your consideration.

Sincerely,  
Sheryll Yotsuda  
REAL! Alumni Network

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Dear Legislators,

My name is Moshammed (Sunny) Islam. I am a student at McKinley HS and a member of REAL: Hawaii Youth Movement Exposing the Tobacco Industry.

I am in support of HB 273 to increase taxes on Other Tobacco Products (OTPs) because they are actually priced cheaper than cigarettes and this makes them a good substitute. And these products are still as harmful as cigarettes. By increasing the taxes we will reduce the use of the products especially by youth.

Thank you,  
Sunny Islam  
Honolulu, Hawaii

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Makeda Morris and I am 15 years old and attend McKinley High on Oahu. I am in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

By making these products more expensive you will help keep these products out of the hands of the youth in Hawaii.

Thank you for the opportunity to give my testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Thank you,

Makeda Morris  
REAL Leader

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Aloha Legislators,

My name is Courtney Viernes-Silva. I'm 18 years old, from Ewa Beach, and have been a leader with REAL: Hawaii Youth Movement Exposing the Tobacco Industry for more than 5 years now.

I'm in very strong support of HB 273 because it will increase the cost of Other Tobacco Products (OTPs) that are being heavily targeted at youth and young adults.

Also consider that a pack of cigarettes cost about \$8 now because of strange tax increases BUT OTPs cost about \$3 so many people (especially youth) are using them as alternatives to cigarettes. Many of these products also get around our smoke-free laws because they are smokeless. This also increases their popularity. No doubt these products are just as addictive as cigarettes and can cause as many diseases as cigarettes for the user.

By raising the taxes on OTPs you are helping to keep them out of the hands of kids and you are sending a message to people that these products are just as dangerous as cigarettes.

Please pass HB 273.

Mahalo,

Courtney Viernes-Silva  
Ewa Beach

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Sarafina Huck and I am youth member of REAL on Maui. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos). As a REAL member I have learned of the manipulations of the tobacco industry and have become part of the fight towards making Hawaii tobacco-free.

While smokeless tobacco use leads to serious health issues including esophageal cancer and gum disease, I'm most concerned about how attractive these products are to youth. Not only are these products cheaper than cigarettes, but they are colorful and fruit-flavored and come across as being less dangerous and addictive than cigarette smoking.

Research shows that when it comes to tobacco young people are price sensitive. Increasing the taxes will increase the price and may help to keep youth from purchasing them. This will ultimately lead to less people who become addicted to nicotine and save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids from becoming life-long "customers" of the tobacco industry.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Sarafina Huck  
Maui



March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Brandon Johnston, and I'm a high school student at Maui High. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

While smokeless tobacco use leads to serious health issues including esophageal cancer and gum disease, I'm most concerned about how attractive these products are to youth. Not only are these products cheaper than cigarettes, but they are colorful and fruit-flavored and come across as being less dangerous and addictive than cigarette smoking.

I'm part of The REAL Movement which has helped me so much in knowing how the tobacco company targets teens/consumers. It has opened my eyes to really see how they operate their company and how they advertise their product in an organized fashion.

Raising the taxes on other tobacco products on Hawaii is important. It will make it harder for young people across the state to be able to buy the product. I think raising the taxes is a good thing and an action that should be taken to have that percentage of Hawaii's teens get off using tobacco products.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs). Please help to save the lives of potential future tobacco users by continuing to do everything in your power to prevent tobacco use.

Mahalo,

Brandon Johnston  
Maui REAL

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Dear Committee:

My name is Stephanie Franklin, and I am a registered voter in Hawaii. I work on Maui as an Island Coordinator for REAL: Hawaii's youth-led movement against the tobacco industry. I'm in strong support of HB273, HD1, SD1 which would raise the tax on Other Tobacco Products (OTPs) such as Snus, Skoal, and mini-cigars (cigarillos).

OTPs are extremely youth friendly. They come in a wide variety of candy and fruit flavors and are often times placed close to candies, chips, and other products enjoyed by youth. The big tobacco companies are using these deceptive marketing techniques to specifically target youth as new tobacco users. These brightly colored and candy flavored products come across being less dangerous than cigarette smoking, but smokeless tobacco still leads to serious health issues including esophageal cancer and gum disease.

These smokeless and spitless products are sold at substantially cheaper prices than cigarettes, which make them more accessible to youth. Research shows that when it comes to tobacco young people are price sensitive. Increasing the taxes will make these products unaffordable to youth, who live on a tight budget. Essentially less youth will be able to purchase these products and less people will become addicted to nicotine. This will save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids from becoming life-long "customers" of the tobacco industry, and will therefore, save lives.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs).

Sincerely,

Stephanie Franklin

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am;  
Room 211

March 31<sup>st</sup>, 2011

My name is Becky Marini and I am from Ewa Beach and leader with REAL. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

I think that it's important to raise taxes on OTPs because it'll prevent youth from buying the products. Right now OTPs are a lot cheaper than regular cigarettes that have high tax rates. This makes OTPs very attractive to youth because they are so cheap and pretty easy to get. I'm asking that you please pass this measure.

Thank you,  
Becky Marini  
REAL Oahu Leader

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Dear Legislator,

My name is Chloe Marchant and I am from the island of Kauai. I am a member of REAL: Hawaii's Youth Movement Exposing the Tobacco Industry.

I am writing in strong support of HB 273 that would increase taxes on the Other Tobacco Products (OTP), such as cigars, smokeless tobacco, spit-less and dissolvable tobacco. These products are being targeted to youth by tobacco companies and they are very cheap to purchase.

Increasing taxes on these products will help keep them out of the hands of kids!

Thank You,  
Chloe Marchant

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Dear Legislators,

My name is Brandon Fernandez of Ewa Beach. I'm also a member of The REAL Movement. I'm in support of HB 273 to increase the tax on Other Tobacco Products.

These are products that attract more teenagers because of their colors and flavors. But these products are still addictive and still kill people.

I think they should raise the taxes for the Other Tobacco Products so that it's expensive for the users to buy it. That way they will be less likely to buy them.

Thank you,

Brandon Fernandez  
Ewa Beach, Hawaii

March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Aloha Legislators,

My name is John Pimentel. I am from the island of Hawaii and am a member of REAL: Hawaii's Youth Movement Exposing the Tobacco Industry.

I strongly support HB 273 that would increase taxes on other tobacco products (OTPs) because it will decrease the number of youth tobacco users in Hawaii. I believe that youth do not understand that Other Tobacco Products (OTP) can lead to dangerous health problems. By raising the taxes of OTPs you will discourage youth from buying these harmful products.

Please pass the bill to increase the taxes on Other Tobacco Products.

Much Mahalo,  
John Pimentel

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Shay Revuelto. I am from Mililani and a youth member of REAL: Hawaii Youth Movement Exposing The Tobacco Industry.

I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

I want the taxes to be raised because it's another reason for people to stop using tobacco products. If prices go up on OTP's people will start to realize how unimportant tobacco products are in their lives and may go without them while instead purchasing other necessities that they need to lead a healthy life.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Thank you,  
Shay Revuelto

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am;  
Room 211

For March 31<sup>st</sup>, 2011

Dear Legislators,

My name is Amanda Victorino and I am from Kapolei. I am a member of REAL: Hawaii's youth-led movement exposing the tobacco industry.

I am writing to support the tax increase on Other Tobacco Products (OTPs).

I believe that most youth do not know the dangers of OTPs. In addition, there have been no studies done on the effects of some of the newest OTPs like snus. These products could be just as dangerous or even more dangerous than cigarettes.

By increasing the taxes on OTPs, product sales would decrease, which would really make a difference to the health of Hawaii and my generation.

Please pass the law to increase the tax on OTPs.

Thank You,  
Amanda Victorino



March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Melissa Rapoza and I'm part of REAL on the island of Hawaii.

I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

While smokeless tobacco use leads to serious health issues including esophageal cancer and gum disease, I'm most concerned about how attractive these products are to youth. Not only are these products cheaper than cigarettes, but they are colorful and fruit-flavored and come across as being less dangerous and addictive than cigarette smoking.

These products are also marketed to youth involved within the rodeo circuit and is of great concern to us here on our own island.

Increasing the cost will lead to higher purchasing price which will affect youths ability to purchase.

Mahalo,

Melissa Rapoza  
REAL Big Island

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
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March 31<sup>st</sup>, 2011

Hi my name is Kiana Cordeiro. I am currently a junior at H.P. Baldwin High. I am strongly for HB 273. I feel that you should raise the taxes on Other Tobacco Products (OTPs). Tobacco is the number one killer of people it is still one of the deadliest legal drugs.

I am a member of REAL and we are very aware of what the dangers of tobacco. We need to have strong laws that make getting a hold of these products more difficult for everyone. In the meantime, tobacco companies continue to make and market their products to catch the eyes of young children. I am not impressed by their attempts.

Studies show that approximately 4,800 adolescents and 5,500 youth try a tobacco product every day and that out of the 10,300 young adults about 3,000 of them become consistent users of tobacco.

I am strongly for this bill because you will be making it harder for youth to get this product. Youth don't go for things that are expensive, so if you up the tax then less of them will want to get it. Making it harder to get will protect youth from destroying their lives and it will save Hawaii millions of dollars for the health costs. You will be protecting the youth and community of Hawaii if you raise the taxes on this product.

Thank you for allowing me to provide this testimony and hearing my ideas about increasing taxes on Other Tobacco Products (OTPs).

Thank you for your time and consideration,

Kiana Cordeiro

March 31<sup>st</sup>, 2011

To: Senator David Y. Ige, Chair

Senator Michelle Kidani, Vice Chair

Members, Senate Committee on Ways and Means

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**

Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Hi, my name is Silver Hunt; I am 18 years old, a registered voter in Hawaii, and from the island of Kauai. I am currently a special projects board member with REAL. I'm in strong support of the HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

Many people I have talked to personally do not think smokeless tobacco is all that harmful, but it really is. It leads to serious health problems such as mouth, throat, cheek, and esophageal cancer, along with gum disease. For the most part, I'm concerned about how attractive these products are to the youth. Not only are these products cheaper than cigarettes, but there are several different flavors, colors, and appear to be neither as dangerous nor addictive then cigarette smoking.

Based on what research shows when it comes to tobacco, young people are cheapskates. Increasing the taxes will increase the price and may help to keep youth from purchasing them. This will most definitely lead to less people who become addicted to nicotine and save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids and generations to come, from becoming life-long "customers" of the tobacco industry.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs).

Silver Hunt

Kauai REAL

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am;  
Room 211

For March 31<sup>st</sup>, 2011

Dear Committee,

My name is Ashley Hudson and high school student in the state of Hawaii on the island of Maui. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

This law will help keep tobacco products out of the hands of young kids.

Mahalo,

Ashley Hudson  
REAL Youth Leader

For March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Alex Halley. I'm a senior at Baldwin High School on Maui and a leader with REAL: Hawaii Youth Movement Exposing the Tobacco Industry.

I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

The tobacco companies know that if OTPs are taxed, then the public won't buy as much. This is especially true of youth.

Please pass this law to tax OTPs and keep these products out of the hands of Hawaii's youth.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Thank you,  
Alex Halley

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Eric Burgemeister and I am a REAL member. REAL is an anti-tobacco youth group. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

This law will help protect youth from getting access to cheap OTPs. Please consider passing it to save kids from life long addiction.

Mahalo,

Eric Burgmeister  
Maui REAL Member

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
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Aloha,

My name is Donalyn Naihe and I am an authentic state representative for REAL. Being a part of this state representative board allows me to evoke my findings on Other Tobacco Products (OTPs) to my community. As I gather information from the youth in my area, of Hana, Maui, I am able to conclude that we all support HB 273. HB 273 would raise taxes on OTPs such as snus, skoal, and mini-cigars (cigarillos).

These 'Other Tobacco Products' are very pervasive and appealing to youth that it makes me wonder if there will come a day when youth will stop being targeted by adult products. These OTPs come in a variety of flavors and are animated with different colors and designs. OTPs also are known to be as addictive and cheaper than cigarette smoking.

As a well educated youth on OTPs I say that we, the youth, are genuine human beings that understand what these companies are trying to do. By increasing these taxes it will help lessen the pressure that is put among our youths.

I also want to say that The REAL Movement can influence a true outcome that will less usage of nicotine throughout this state. The youth of Hawaii are too smart to be used by companies as 'life-long' consumers of their products.

Mahalo for you time and consideration,

Donalyn Naihe  
Hana, Maui  
REAL

March 31<sup>st</sup>, 2011

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

Re: **Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

Hello,

My name is Justin Ragasa and I am a registered voter in Hawaii. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

OTPs work as a nice gateway for non-tobacco users, including youth, to start using Tobacco products such as cigarettes. OTPs often are available in a variety of flavors and are stored in eye-catching packages. The taxes on these products are also lower than those of cigarettes, so the likelihood of younger people with less funds to purchase them are higher. Finally, an increase in taxes on OTPs will lower the initiation rate among non-tobacco users.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products.

Thank you,

Justin Ragasa  
Senate District 15



March 31<sup>st</sup>, 2011

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

**Re: Strong Support for HB 273, HD1, SD2: Relating to Tobacco Products**  
Senate Ways and Means Committee Hearing; April 1<sup>st</sup>, 2011 at 9:00 am; Room 211

My name is Brandon Antonius and I am a registered voter in Maui, Hawaii. I'm in strong support of HB 273 which would raise the tax on Other Tobacco Products (OTPs) such as snus, skoal, and mini-cigars (cigarillos).

While smokeless tobacco use leads to serious health issues including esophageal cancer and gum disease, I'm most concerned about how attractive these products are to youth. Not only are these products cheaper than cigarettes, but they are colorful and fruit-flavored and come across as being less dangerous and addictive than cigarette smoking.

I began smoking at age 11, and though I have dedicated years to the prevention of youth using tobacco, I still have not been able to fully stop smoking cigarettes. Nicotine is the most addictive substance in the world, and these youth friendly OTP's are what begin to addict our youth and cause them to become lifetime uses of this deadly product. I wasn't addicted when I was 11, but because they made it cool, available and youth friendly, I still am addicted today.

Research shows that when it comes to tobacco young people are price sensitive. Increasing the taxes will increase the price and may help to keep youth from purchasing them. This will ultimately lead to less people who become addicted to nicotine and save Hawaii millions of dollars each year in health related costs. Most importantly, increasing this tax will protect kids from becoming life-long "customers" of the tobacco industry.

Thank you for the opportunity to provide testimony in support of an increase in tax on Other Tobacco Products (OTPs)

Mahalo for your consideration,

Brandon Paul Antonius