

**SB 1307**



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

In reply, please refer to:  
File:

SENATE COMMITTEE ON HEALTH

SB1307, RELATING TO HEALTH

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

February 6, 2013  
2:15PM, Rm 229

1 **Department's Position:** The Department of Health (DOH) appreciates the intent of SB1307 with  
2 suggestions. The DOH will defer to the Department of Taxation on those matters relating to taxation  
3 and revenue generation.

4 **Fiscal Implications:** None

5 **Purpose and Justification:** SB1307 proposes to amend the tax on all tobacco products, other than large  
6 cigars, by an unspecified amount.

7 Smoking and tobacco use are the leading cause of preventable death and disease in Hawaii,  
8 claiming 1,100 lives each year and creating \$656 million in annual health care and lost productivity  
9 costs. An estimated 176,000 adults in the state report being current smokers and approximately 18,000  
10 high school youth report smoking cigarettes. According to the 2011 Hawaii Youth Tobacco Survey,  
11 33.5% of high school students experimented with any form of tobacco and 11.8% admitted to having  
12 used any form of tobacco in the past month.

13 A variety of tobacco products are currently taxed at rates lower than cigarettes, yet are similarly  
14 addictive and dangerous. Nicotine is readily absorbed into the bloodstream when a tobacco product is

1 chewed, inhaled, or smoked. As a result of Hawaii's high tax on cigarettes adult and youth smokers are  
2 attracted to less expensive tobacco products, including smokeless, loose, or roll-your-own tobacco.  
3 They pose a danger as gateway products that can lead to habitual tobacco use and long term addiction to  
4 nicotine. Tobacco use results in significant health risks including cancer, heart disease, respiratory  
5 illnesses, and other serious diseases.

6 The DOH appreciates the intent of the bill's sponsors to impose a new excise tax on tobacco  
7 product; however, rather than posing an unspecified amount that will reflect a percentage of the  
8 wholesale price of each article or item of tobacco products, DOH would support creating parity between  
9 cigarettes and other tobacco products, and would defer to the Department of Taxation on the matters of  
10 taxing formula and revenue generation.

11 Establishing high taxes on tobacco products is part of the DOH overall comprehensive approach  
12 to tobacco control to prevent initiation of youth smokers and promote cessation among current smokers.

13 Thank you for this opportunity to testify.



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Cancer Action Network  
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Honolulu, Hawai`i 96817  
808.432.9149  
[www.acscan.org](http://www.acscan.org)

Senate Committee on Health  
Senator Josh Green, Chair  
Senator Roz Baker, Vice Chair

Hearing: February 6, 2013; 2:15 p.m.

### **SB 1307 – RELATING TO HEALTH**

Cory Chun, Government Relations Director – Hawaii Pacific  
American Cancer Society Cancer Action Network

Thank you for the opportunity to provide testimony in support of SB 1307, which changes the excise tax on other tobacco products to an unspecified amount of the wholesale price.

The American Cancer Society Cancer Action Network (ACS CAN), the advocacy affiliate of the American Cancer Society, is the nation's leading cancer advocacy organization. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem.

All tobacco products should be taxed at the same rate as cigarettes to bring parity between the cigarette tax and the tax on other tobacco products. ACS CAN recommends that the committee amend SB 1307 to increase the excise tax rate on all tobacco products other than cigarettes from 70% of the wholesale price to 102% of the wholesale price and establishing a minimum base price to capture all inexpensive and emerging tobacco products. Thank you for the opportunity to provide testimony on this important issue.

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**Date:** Tuesday, February 05, 2013 11:25:53 AM

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SB1307

Submitted on: 2/5/2013

Testimony for HTH on Feb 6, 2013 14:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
JAKE KIM	Glory Investments	Oppose	No

Comments: At a time when the economy is bad, my business is getting squeezed, and we should not increase any taxes that my customers pay. Additionally, inceasing taxes in the middle of an economic slowdown hurts jobs and taxpayers

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SB1307

Submitted on: 2/5/2013

Testimony for HTH on Feb 6, 2013 14:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Oh	Individual	Oppose	No

Comments: Tobacco sales are an important revenue source for my business. Retailer like me are already feeling the effects of the recently increased Federal Excise Tax and futher increases to tobacco excise taxes will hurt retailers and may cause the loss of jobs for Hawaii

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