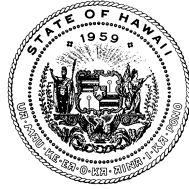


SB645

TESTIMONY



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

In reply, please refer to:
File:

Senate Committee on Health

S.B. 645, RELATING TO HEALTH

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

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

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

2 **Fiscal Implications:** The revenues generated by changes in the tax code related to the sale of liquor are
3 designated to go to the community health centers and trauma system special funds.

4 **Purpose and Justification:** There is a strong association between alcohol and the risk of injury, most
5 notably for motor vehicle crashes. Almost half (42%) of all fatal traffic crashes in Hawai'i involve an
6 alcohol-impaired driver, which translates into an average of 131 deaths each year in the state. The
7 proportion of alcohol-related crashes is even higher for Neighbor Islands, accounting for 54% of all fatal
8 crashes. According to CDC's systematic review of seventy-three qualified studies, increasing the cost of
9 alcoholic beverages is a best practice for reducing the incidence of motor vehicle crashes and fatalities
10 and alcohol-impaired driving. This reduced incidence would represent a savings in health care and
11 disability costs, and the additional tax revenue to the community health centers and trauma system
12 special funds could support other strategies to reduce alcohol abuse and the burden of alcohol related
13 injuries and disease.

14 The trauma system special fund has been used since 2009 to support the development and
15 operation of a comprehensive state trauma system. A trauma system is the most cost effective response

Promoting Lifelong Health & Wellness

1 to the problem of injury. It consists of multiple components coordinated in a public health approach
2 designed to act together to reduce the incidence of injuries, and to improve the outcomes of patients who
3 are injured. A trauma system includes injury prevention, and requires access to a variety of specialty
4 acute care and rehabilitative medical services to produce positive impacts on community health.
5 Increased funding as proposed in this measure would further support those services to be developed and
6 implemented.

7 The DOH defers to the Department of Taxation for matters related to changes to the tax code.

8 Thank you for the opportunity to testify on this measure.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Health

The Hon. Josh Green, Chair

The Hon. Rosalyn H. Baker, Vice Chair

Testimony in Support of SB645

Relating to Health

Submitted by Robert Hirokawa, Chief Executive Officer

February 6, 2013, 2:15pm, Room 229

The Hawai'i Primary Care Association, which represents community health centers in Hawai'i, **supports** Senate Bill 645, Relating to Health, which establishes a tax increase on alcoholic beverages, a percentage of which will be deposited into the community health centers special fund and the trauma system special fund.

Studies have provided conclusive evidence that tax rate increases on alcoholic beverages have managed to lower rates of cirrhosis and sexually-transmitted diseases, along with cut down on many other associated health risks. The HPCA fully supports this particular measure for both the health benefits it will provide to the state and the revenue it will generate.

In addition, the HPCA appreciates and supports a percentage of such funds being placed in the community health center special fund. Community health centers are the backbone of the Hawaii healthcare system, offering quality primary and dental care to individuals regardless of ability to pay. In many instances, these services are provided as a direct treatment to alcohol abuse or related ailments.

We urge you to pass this measure on for further consideration and thank you for the opportunity to testify.



Mothers Against Drunk Driving HAWAII
745 Fort Street, Suite 303
Honolulu, HI 96813
Phone (808) 532-6232
Fax (808) 532-6004

February 6, 2013

To: Senator Josh Green, Chair –Senate Committee on Health; Senator Rosalyn H. Baker, Vice Chair; and members of the committee

From: Carol McNamee/Arkie Koehl — Co-chairmen, Public Policy Committee - MADD Hawaii

Re: Senate Bill 645 – Relating to Health

I am Carol McNamee, testifying on behalf of the Hawaii organization of Mothers Against Drunk Driving in support of SB 645, relating to Health. This bill would increase liquor taxes and also repeal excise and use tax exemptions on the sale of liquor.

The majority of research finds that increasing the price of alcohol results in a decrease in:

1. drinking and heavy drinking
2. drinking and driving and motor vehicle crashes
3. violence and other crime
4. alcohol-related health problems such as cirrhosis

Two findings about who is affected by price increases are also very important:

- Youth and young adults reduce their drinking in response to price increases more than adults in general. This is especially important, given that youth experience a disproportionate share of alcohol-related problems.
- According to several studies, heavy drinkers, as well as moderate and light drinkers, drink less as alcohol prices rise.

Alcohol is the number one drug problem among young people and beer is their alcohol of choice. Young people in this country consume approximately 10% of all beer sold. More than 1.1 billion cans of beer are consumed annually by underage drinkers.

The price of a six-pack of beer may be equal to or lower than the price of a six-pack of soft drinks. According to the National Institute on Alcohol and Alcoholism, lower taxes and prices of beer leads to higher levels and frequency of drinking among youth and increases traffic crash fatalities.

Alcohol problems cost society over \$100 billion per year in the U.S. and cause as many as 107,400 deaths annually. It is estimated that alcohol-related fatal crashes alone result in a \$321 million cost to our State.

There is a common argument that raising the price of alcohol will penalize the majority of responsible drinkers. However, the vast majority of Americans do not drink or drink small amounts and infrequently. Therefore, most people would feel almost no impact from a raise in alcohol taxes. (*Drinking in America*; U.S. Department of Justice)

MADD would ideally like to see a portion of the money collected from higher tax rates applied to the prevention and treatment of alcohol problems. We see too many stories of DUI offenders not receiving the treatment they need and subsequently causing a serious crash resulting in death or injury. Young people who begin drinking by age 15 are four times more likely to develop a future alcohol dependency than those who wait until they are 21 or older to begin drinking alcohol. Public information about this type of research concerning alcohol and youth is an extremely important, but costly, component of a system of prevention.

There is extensive literature to document the relationship between alcohol taxes and alcohol problems in our society. Therefore, MADD – Hawaii supports this bill as an effective means of decreasing underage drinking and reducing alcohol-related highway fatalities among people of all age groups as well as the bill's stated concerns about other health issues. Beer is the alcoholic beverage of choice for the majority of young drinkers, and therefore MADD would like to see a significant increase in its tax rate.

Thank you for this opportunity to testify.



HO'ŌLA LĀHUI HAWAI'I
P.O. Box 3990; Līhu'e, Hawai'i
Phone: 808.240.0100 Fax: 808.246.9551

Committee on Health

Josh Green, Chair
Rosalyn Baker, Vice-Chair

Testimony in Support of Senate Bill 645

Relating to Health

Ho`ola Lahui Hawaii the only Federally Qualified Health Center and Native Hawaiian Health Care System on Kauai is strongly **SUPPORTING** this bill to provide additional revenue to the community health centers special fund.

It is vital that health centers have a continued source of funding other than revenue from payors and federal grants as to assure that there are funds for capital and equipment costs related to expansion. Given the increasing burden on primary care and the lack of a strong infrastructure to support this need, it is critical that additional funding be available to health centers.

Therefore we support the continued movement of this important bill.

Respectfully Requested,

David Peters
Chief Executive Officer

**Testimony of
Gary Slovin / Mihoko Ito
on behalf of
Distilled Spirits Council of the United States**

DATE: February 5, 2013

TO: Senator Josh Green
Chair, Committee on Health
Submitted Via HTHtestimony@capitol.hawaii.gov

RE: **S.B 645 – Relating to Health**
Hearing Date: Wednesday, February 6, 2013 at 2:15 pm
Conference Room: 229

Dear Chair Green and Members of the Committee on Health,

Distilled Spirits Council of the United States (“DISCUS”) is a national trade association representing producers and marketers of distilled spirits sold in the United States.

DISCUS opposes S.B. 645 which would increase liquor taxes and repeal excise and use tax exemptions on the sale of liquor, and designates a percentage of funds from liquor taxes to go toward the community health centers special fund and the trauma system special fund.

The measure does not provide a rational nexus for increasing the tax rates as liquor taxes do not appear to act as a deterrent to heavy drinkers – the population that the higher tax rate is presumably aimed at. Raising taxes on liquor only serves to penalize responsible consumers and does not deter those for whom taxes are of little concern. The National Institute on Alcohol Abuse and Alcoholism (NIAAA), the government’s lead agency on alcohol issues, reported on this issue in its January 2001 issue of Alcohol Alert. In comparison to the more than 20 year old studies cited in the measure, this recent research suggests the heaviest-drinking 5 percent of drinkers do not reduce their consumption significantly in response to price increases. It is important to note that in another 2009 meta-analysis of 112 studies on the same subject, a “heavy” drinker is anyone having more than **two** drinks a day; not necessarily an abusive drinker.

Gary M. Slovin
Mihoko E. Ito
Christine Ogawa Karamatsu
Tiffany N. Yajima

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840

The increased taxes and loss of exemptions in the measure discriminates against an important segment of the industry. We feel it is not in the best interest of Hawai'i to assess excessive taxes. Distilled spirits are the most heavily taxed consumer products in the United States. Studies have shown that excessive state taxes hit low to middle income taxpayers the most. Additionally, liquor tax increases negatively impact many other industries, such as hotels, conventions, tourism, restaurants, and stores which sell liquor.

The proposal to increase beverage alcohol excise taxes comes despite the fact that liquor is already heavily taxed in Hawaii. For a typical bottle of distilled spirits sold here, 25% percent of the retail price goes to pay State and local taxes and fees. When factoring in federal requirements, 51% of the purchase price of each bottle of distilled spirits goes toward taxes and fees.

For the reasons stated above, we respectfully ask that you hold S.B. 645.



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

DATE: Wednesday, February 6, 2013 TIME: 2:15 p.m PLACE: CR 229

TO: COMMITTEE ON HEALTH

Senator Josh Green, MD, Chair; Senator Rosalyn H. Baker, Vice Chair

FROM: Hawaii Food Industry Association - Lauren Zirbel, Executive Director

RE: SB 645 RELATING TO HEALTH

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

HFIA strongly opposes this bill.

The legislature must stop taxing groceries. It is the most unfair and regressive way fund government programs.

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

Our state already boasts the second **highest excise tax rate on beer in the country**, with only Alaska coming in higher. In fact, at \$.93 per gallon, Hawaii's bottled beer excise tax rate is **260% higher than the national average** of \$.26 per gallon.

Distilled spirits are among the most heavily taxed consumer products in the United States and are already assessed significant taxes and fees in Hawai'i. For a typical bottle of distilled spirits sold in Hawai'i, 25% of the retail price goes to pay State and local taxes and fees. When factoring in federal taxes and other fees, 51 % of the purchase price of each bottle of distilled spirits goes toward such taxes and fees.

For Wine products this proposed 50% tax increase of \$2.07 per wine gallon will ultimately harm the responsible wine consumers in Hawaii by increasing the price of wine, which is difficult to bear in tough economic times. With this increase, Hawaii's liquor tax on wine will be the third highest in the nation, surpassed only by Alaska at \$2.50 with no additional sales tax and Florida at \$2.25 with an additional sales tax. **Hawaii wine consumers already pay one of the highest prices in the United States for their wine**, given Hawaii's general excise tax of 4.17% or 4.712% for Honolulu County and the higher transportation costs to ship wine to Hawaii.

HFIA does not support tax increases, especially increases that will simply increase the costs to consumers at a time when taxpayers cannot afford such increases. **This tax is highly regressive and will impact the poor the most.**

If you pass this measure it will severely damage the retail and beverage industry, **costing the state many jobs**. The loss of these jobs will cost significantly more in the long run than the gains in revenue, which this liquor tax increase may generate.

Thank you for the opportunity to provide this testimony.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: Tiktoomy2@aol.com
Subject: Submitted testimony for SB645 on Feb 6, 2013 14:15PM
Date: Tuesday, February 05, 2013 11:29:50 AM

SB645

Submitted on: 2/5/2013

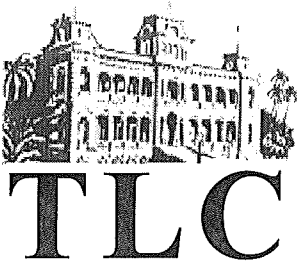
Testimony for HTH on Feb 6, 2013 14:15PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Shawne garliepp	Creekside lounge, Inc.	Oppose	No

Comments: Just one more bill for small businesses, at the rate this state is accessing bars on liquor taxes, bottle fees, etc. They will all be out of business at this rate

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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THE LEGISLATIVE CENTER

1188 BISHOP STREET, SUITE 1003
HONOLULU, HAWAII 96813-3304
PHONE: (808) 537-4308 • FAX: (808)533-2739

February 6, 2013

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

Presented By: Tim Lyons, Legislative Liaison
Anheuser Busch Companies

Subject: S.B. 645 – RELATING TO HEALTH

Chair Green and Members of the Committee:

I am Tim Lyons, Legislative Liaison for Anheuser Busch Companies and we oppose this bill.

We understand that honorable programs naturally seek funding. We also understand that as legislators, you need to look for revenue sources wherever you can possibly find them. We also think however, that it is totally within your purview to take a look at the consequences of those tax increases.

In the case of liquor products, you are talking about products that are extremely price sensitive and have great elasticity. That is to say, the majority of people who consume our products are not alcoholics, but rather are casual drinkers. This means that they can do with or they can do without and as history has shown throughout the nation, as the

price goes up, sales go down. As sales go down, unemployment goes up. We also do not believe that you can tax people into behaving responsibly. People who drink in moderation do not have health problems...abusive drinkers will abuse the product regardless of the cost.

We do not believe that in this economy, although it seems a perfectly natural reaction to increase taxes, that you also do not want to do anything that will promote more people losing their jobs or having their hours cut back based on reduced sales. A liquor tax increase of almost any nature will do that.

The Committee also needs to be reminded that what is proposed in this bill is an increase when nationally we are always in the top 5 highest of states. While we are at .93 per wine gallon, Wyoming is at .02 cents. The liquor industry is not the "cash cow" it once was. Sales were down before the recession even started and they have only plummeted further. Although we are sometimes grouped under the heading of a "sin tax", we would like to remind this Committee that what we manufacture and sell is a legal product and it is not a sin to sit in your living room, watch the football game and , consume a beer.

While we know that everyone has to do their part in this kind of an economy, we are also of the belief that if you ask an industry to do too much from their part, that jobs will suffer and all we will achieve is more unemployment and less personal income.

Based on the above, we are opposed to this bill.

Thank you.

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB645 on Feb 6, 2013 14:15PM*
Date: Friday, February 01, 2013 1:56:46 PM

SB645

Submitted on: 2/1/2013

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

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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