

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

In reply, please refer to:
File:

**SENATE COMMITTEE ON HEALTH
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

SB2066, RELATING TO HEALTH

**Testimony of Gary L. Gill
Acting Director of Health**

**February 7, 2014
9:00 am, Room 229**

1 **Department's Position:** The Department of Health (DOH) supports the intent of SB2066, with
2 suggestions and defers to the Department of Taxation on matters of implementation and revenue
3 generation.

4 **Fiscal Implications:** None for DOH.

5 **Purpose and Justification:** This measure amends Chapter 245-3, Hawaii Revised Statutes. The DOH
6 in consultation with other state tobacco prevention programs and national tobacco control organizations
7 has learned that an excise tax equal to 85% of the wholesale price of other tobacco products (OTP)
8 provides approximate tax parity with that for cigarettes. It is also recommended that any increases to the
9 tax rate imposed on cigarettes trigger a subsequent increase to the price of OTPs.

10 Policies to increase the price of tobacco products are strongly recommended by Centers for
11 Disease Control and Prevention Best Practices and the Task Force on Community Preventive Services
12 based on strong evidence of effectiveness in reducing tobacco use prevalence in adolescents and young
13 adults, reducing population consumption of tobacco products, and increasing tobacco use cessation.

1 OTPs are currently taxed lower than cigarettes, yet are similarly addictive and dangerous. They
2 present a significant health risk leading to cancer, heart disease, respiratory illnesses, and other serious
3 diseases. The use of OTPs is on the rise in the United States. Adult and youth smokers are attracted to
4 purchase the less expensive tobacco products, including small cigars, smokeless, loose, or roll-your-own
5 tobacco. OTPs pose a danger as gateway products that can lead to habitual tobacco use, including
6 smoking and long term addiction to nicotine.

7 Thank you for the opportunity to testify.

NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1530
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To: The Honorable Josh Green, Chair
and Members of the Senate Committee on Health

The Honorable Rosalyn H. Baker, Chair
And Members of the Senate Committee on Commerce and Consumer Protection

Date: Friday, February 07, 2014
Time: 9:00 a.m.
Place: Conference Room 229, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. No. 2066, Relating to Health

The Department of Taxation (Department) appreciates the intent of S.B. 2066 and provides the following comments for the Committees' consideration.

S.B. 2066 amends the tax on tobacco products other than cigarettes and cigars by imposing the tax on sales made after January 1, 2015, at an unspecified rate of the wholesale price, and further stipulating that the rate shall automatically increase in the future at the same rate of any future increases to the tax on cigarettes or little cigars.

The Department defers to the Department of Health with respect to the effect a change in the tax rate would have on the State's health and wellness.

In regards to the automatic rate increase provision for other tobacco products, the Department prefers that any rate change be done by the Legislature at the same time when and if the tax on cigarettes and small cigars is increased. This will prevent any confusion or misunderstanding as to the applicable rate on all tobacco subject to this tax.

Thank you for the opportunity to provide comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Comments Presented Before the
Senate Committees on Health and Commerce and Consumer Protection
February 7, 2014 at 9:00 am
by
Michele Carbone, MD, PHD
Director
University of Hawai'i Cancer Center
University of Hawai'i at Mānoa

SB 2066 – RELATING TO HEALTH

Chairs Green and Baker, Vice Chair Taniguchi, and Members of the Committees:

The University of Hawai'i Cancer Center strongly supports this bill, which proposes to impose a tax on tobacco products other than large cigars.

The Cancer Center is one of only 68 institutions in the U.S. that hold the prestigious National Cancer Institute (NCI) designation and is the only NCI designated center in the Pacific.

The NCI designation provides greater access to federal funding and research opportunities. More importantly, it gives the people of Hawai'i and the Pacific region access to innovative and potentially life-saving clinical trials without the necessity of traveling to the Mainland.

This bill addresses a serious concern among health professionals that addictive tobacco products other than cigarettes – including snuff, chewing tobacco or loose roll-your-own tobacco – are attracting a new generation of tobacco users. While the dangers of smoking are well known, national research also tells us there is no safe form of tobacco use.

Health advocates have urged consistent and equal taxation of the various forms of tobacco to avoid attracting consumers, especially youth, to products that are a less expensive substitute to cigarettes.

Since the cigarette tax increases were imposed beginning in 2006, there have been steadily decreasing sales, which may indicate that the higher cost to consumers was the disincentive intended.

However, the declining revenue has had a negative impact on the Cancer Center's budget, and unless we compensate for the loss of revenue and obtain the necessary

funds to increase the size of our Faculty, we will not meet the new and more stringent requirements to renew our NCI designation in 2017.

We respectfully request that you consider directing the additional revenue generated by this bill to the Hawai'i Cancer Research Special Fund to allow the Center to continue to provide innovative clinical trials to Hawai'i residents to prevent and treat cancer, and to continue its research on the causes and cures for cancer, including those that are related to tobacco and smoking.

The incidence of cancer is increasing significantly and may double during the next twenty years, according to recent estimates by the International Agency for Cancer. It is imperative that we maintain NCI designation to provide our state residents access to the most novel clinical trials here in Hawai'i, in order to reduce the incidence of cancer in our state and to eliminate the need for our cancer patients to travel to the mainland to have access to novel therapies.

We respectfully urge you to pass this bill with the recommended changes.



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We respectfully urge you to pass this bill with the recommended changes.

Comments on SB 2066, “Relating To Health”

The American Heart Association supports the intent of SB 2066, “Relating to Health,” but recommends several amendments.

The American Heart Association is dedicated to supporting state and local action to protect the public from the dire effects of tobacco. As you are undoubtedly aware, tobacco use is one of the leading preventable risk factors for cardiovascular diseases. Increasing tobacco pricing through taxes have been cited by the Centers for Disease Control as one of the science-based best practices proven to reduce tobacco consumption. There is no safe level of consumption of any tobacco product, including cigars. Therefore, the American Heart Association recommends that all cigars be included in efforts to establish higher uniform tobacco taxes.

The American Heart Association also recommends that a significant portion of tobacco taxes be dedicated toward tobacco prevention and control funding. The CDC recommends that Hawaii invest \$13.7 million annually in tobacco prevention and control, while Hawaii invests only \$7.9 million.

The American Heart Association also recommends that all “OTPs” be taxed at a rate of 85% per cent of the wholesale price of each article or item of tobacco products.

Respectfully submitted,

Donald B. Weisman
Hawaii Government Relations/Community Relations Director

Serving Hawaii since 1948

Mission Statement:

“Building healthier lives, free of cardiovascular diseases and stroke.”

For more information on the AHA’s educational or research programs, visit www.heart.org or contact your nearest AHA office.

Oahu:
677 Ala Moana Blvd., Ste. 600
Honolulu, HI 96813
Office: (808) 538-7021
Fax: (808) 538-3443

Maui:
Office: (808) 244-7185
Fax: (808) 538-3443

Hilo:
Office: (808) 282-3107
Fax: (808) 538-3443

Kauai:
Serviced by the Oahu office.



American Cancer Society
Cancer Action Network
2370 Nu`uanu Avenue
Honolulu, Hawai`i 96817
808.432.9149
www.acscan.org

Senate Committee on Health
Senator Josh Green, Chair
Senator Rosalyn H. Baker, Vice Chair

Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair
Senator Brian Taniguchi, Vice Chair

Hearing: February 7, 2014; 9:00 a.m.

SB 2066 – 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 2066, which increases the tax on other tobacco products other than large cigars by an unspecified amount and also includes automatic excise increases in conjunction with an increase in cigarette taxes.

The American Cancer Society Cancer Action Network (ACS CAN) 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.

While some other tobacco products, like smokeless tobacco products including snus, dissolvable strips, sticks and orbs, do not create combustible chemical smoke like cigarettes, they are still harmful to our health. To date, use of smokeless tobacco has been shown to cause:

- Cancer of the mouth, pancreas, and esophagus;
- Precancerous mouth lesions;
- Dental problems including gum recession, dental cavities, and bone loss around the teeth; and
- Nicotine addiction.

Having equal taxes on cigarettes and other tobacco products prevents having one product be significantly less expensive than the other, and discourages the purchase and use of all tobacco products.

The committee may wish to consider inserting 85% of the wholesale price, which would put the tobacco products tax in line with the current tax on cigarettes, similar to SB 2496.

Thank you for the opportunity to submit testimony on this matter.



HPCA

HAWAII PRIMARY CARE ASSOCIATION

Senate Committee on Health

The Hon. Josh Green, Chair

The Hon. Rosalyn Baker, Vice Chair

Senate Committee on Commerce and Consumer Protection

The Hon. Rosalyn H. Baker, Chair

The Hon. Brian T. Taniguchi, Vice Chair

Testimony in Support of SB 2066

Relating to Health

Submitted by Robert Hirokawa, Chief Executive Officer

February 7, 2014, 9:00 A.M., Room 229

The Hawaii Primary Care Association urges your support for Senate Bill 2066. A tax on tobacco products will provide a strong deterrent to use such damaging products, especially for young people who are more sensitive to costs. We ask that should the committees consider amending the measure to include the disposition of revenues for this tax, that part of the revenues be designated for the benefit of critical public health and health care delivery institutions, specifically Community Health Centers.

Community Health Centers (CHCs) make up one of the most viable health care systems in Hawaii and save Hawaii taxpayers and insurers millions of dollars annually by providing high quality health care that reduces the use of specialty, emergency department, and inpatient care. Because of the advantages they derive as federally qualified health centers and their clinically effective and cost-saving model of care, CHCs should be looked to for expansion. New funds from this tobacco tax could be used for service expansion, capital, and workforce and infrastructure development since working capital is otherwise so hard to come by for this nonprofit system of care. This was the intent of the CHC cigarette tax special fund creation legislated in 2006; however, those monies have ended up being used for basic operations and health care for uninsured and underinsured individuals.

Such an investment in Community Health Centers will also help pay for otherwise uncompensated tobacco cessation programs at the centers. CHCs are serving the people who are most likely to use tobacco products and thus in greatest need of tobacco intervention. Unfortunately, their programs are generally underfunded – if funded at all – by other tobacco settlement dollars, which are targeted for reduction in the coming fiscal biennium.

Thank you for the opportunity to support this bill.

Date: February 7, 2014

Board of Directors

To: Senator Josh Green, Chair
Senator Rosalyn Baker, Chair
Members, Senate Committee on Health
Members, Senate Committee on Commerce and Consumer Protection

John Coefield
Montana

Re: Support with recommendation for SB 2066: Relating to tobacco products

Mike Fenello
Idaho

Patty Ginsburg
Alaska
Chair Elect

Thank you for the opportunity to testify in support of SB 2066 with a recommendation for your consideration. I serve as the Hawaii director for the American Lung Association of the Mountain Pacific; our mission is to save lives by improving lung health and preventing lung disease.

Virginia Hall
Oregon

Don Lojek
Idaho

Increasing the price of tobacco products is one of the best ways to keep youth from ever using tobacco and it also encourages current users to quit. This legislation will create tax parity of other tobacco products with cigarettes – this works to ensure smokers won't switch from cigarettes to cheaper other tobacco products.

Robert Merchant, MD
Montana

Tad Seder
Washington
Secretary

The American Lung Association encourages your consideration of a significant portion of the new revenue generated from this proposal to be dedicated to tobacco prevention and control programs. The effectiveness of increasing tobacco taxes in reducing tobacco-related death and disease is amplified when combined with other components of a comprehensive tobacco control program, including tobacco cessation services and anti-tobacco media campaigns. Tobacco tax increases can spur significant numbers of people to try to quit, and tobacco cessation services need to be available to help these tobacco users quit for good.

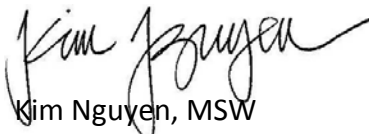
Sterling Yee
Hawaii
Treasurer

Ted Zurcher
Oregon
Chair

Renée Klein
President and CEO

Thank you for the opportunity to provide testimony.

Fighting for Air



Kim Nguyen, MSW
Hawaii Director

American Lung Association of the Mountain Pacific



To: The Honorable Josh Green, Chair, Committee on Health
The Honorable Rosalyn H. Baker, Vice Chair, Committee on Health

The Honorable Rosalyn H. Baker, Chair, Committee on Commerce & Consumer Protection

The Honorable Brian T. Taniguchi, Vice Chair, Committee on Commerce & Consumer Protection

Members, Senate Committee on Health

Members, Senate Committee on Commerce & Consumer Protection

From: Jessica Yamauchi, Executive Director

Date: February 6, 2014

Hrg: Senate Committee on Health/Commerce and Consumer Protection; Fri., February 7, 2014 at 9:00 a.m. in Rm 229

Re: **Support for SB 2066 with Recommendations, Relating to Tobacco Products**

Thank you for the opportunity to offer testimony in **support of** SB 2066, which proposes to raise the taxes on other tobacco products to achieve parity between cigarette taxes and other tobacco products (OTPs).

The Coalition for a Tobacco Free Hawaii (Coalition) is a program under the Hawaii Public Health Institute working to reduce tobacco use through education, policy and advocacy. Our program consists of over 100 member organizations and 2,000 advocates that work to create a healthy Hawaii through comprehensive tobacco prevention and control efforts.

The Coalition recommends raising the OTP tax to 85% of the whole sale price in order to achieve tax parity with cigarettes.

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.



COALITION FOR A
TOBACCO-FREE HAWAII

Adolescents and young adults are two to three times more sensitive to tobacco price changes than adults—when price increases, 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.

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

In a recent poll conducted by Qmark for the Coalition, Hawaii residents overwhelmingly agree (94%) that it's important for the state to earmark some of the revenue from cigarette and tobacco taxes to fund tobacco prevention and quit smoking programs. When the price of tobacco increases, more seek help to quit. We ask that you earmark a portion of these new funds to tobacco prevention and tobacco dependence treatment services.

The Coalition strongly supports creating parity between OTPs and cigarettes. Thank you for the opportunity to provide testimony in support of this measure.

Thank you for the opportunity to testify on this matter.

Jessica Yamauchi, M.A.
Executive Director

From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: CathyTsauro@gmail.com
Subject: Submitted testimony for SB2066 on Feb 7, 2014 09:00AM
Date: Thursday, February 06, 2014 2:11:40 PM

SB2066

Submitted on: 2/6/2014

Testimony for HTH/CPN on Feb 7, 2014 09:00AM in Conference Room 229

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Catherine Tsauro | Individual | Oppose | No |

Comments: Dear Members of the Senate COMMITTEE ON HEALTH and COMMITTEE ON COMMERCE AND CONSUMER PROTECTION, I understand you and some of your colleagues are considering an increase to excise taxes on tobacco products as part of efforts to infuse more taxpayer money into the budget. I urge you to oppose such a measure that could hinder the fragile economic recovery. Increasing taxes on tobacco products could place undue pressure on low-income Hawaiians who are still working their way back from the economic downturn that took place some years ago. Furthermore, you should keep in mind that some consumers could seek out other locations to make their tobacco purchases where the state taxes might not be collected. When this happens, Hawaii's small businesses could suffer. Please oppose an increase on tobacco products. Regards, Catherine Tsauro

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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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: AlexisAPChapman@gmail.com
Subject: Submitted testimony for SB2066 on Feb 7, 2014 09:00AM
Date: Thursday, February 06, 2014 3:11:26 PM

SB2066

Submitted on: 2/6/2014

Testimony for HTH/CPN on Feb 7, 2014 09:00AM in Conference Room 229

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Alexis CHapman | Individual | Oppose | No |

Comments: Chairs Green and Baker, Vice Chairs Baker and Taniguchi, and members of the Committees; These types of taxes are regressive and unnecessary. The existing taxes on tobacco are sufficient to fund the programs they support. Tobacco smoking is decreasing, and increasing the states reliance on a dwindling revenue stream is poor planning and sets a dangerous precedent. Please vote no on this measure. Thank you for the opportunity to testify.

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From: mailinglist@capitol.hawaii.gov
To: [HTHTestimony](#)
Cc: icalkins@hawaii.rr.com
Subject: Submitted testimony for SB2066 on Feb 7, 2014 09:00AM
Date: Friday, February 07, 2014 6:17:53 AM
Attachments: [.-lock.DEMOCRATIC PARTY LINE.odt#](#)

SB2066

Submitted on: 2/7/2014

Testimony for HTH/CPN on Feb 7, 2014 09:00AM in Conference Room 229

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| IRA CALKINS | Individual | Support | No |

Comments: IRA CALKINS GOVERNMENTAL RESEARCHER 730 Captain Cook Ave Unit 426 Honolulu, Hawaii 96813-2161 It appears the Hawaii State Legislators are being black mailed in to voting the Democratic party line, or the Democratic Party will not support the State of Hawaii Legislator in the next state wide election. It does not matter what the people think, the Democratic Party has already decided for us on all bills before the State of Hawaii Legislature . The chairman's in all committee meetings has a script to follow that the Speaker of the House, and the Speaker of the Senate has given the Committee Chairs to follow, to instruct the committee how to vote on a any given measure, all Bills in all committees of the State of Hawaii Legislature. It is determined ahead of time by the Democratic Party members how a committee member will vote when staying with the party line on any given Bill in the State of Hawaii Legislature, Democracy has been taken away from the tax payers in this state. The Democratic Party Line has replaced the will of the people in the State of Hawaii Legislature. Ira Calkins Honolulu 4696434 or 3498667 FAX 808-545-4707 Washington D.C. 202-697-9782

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