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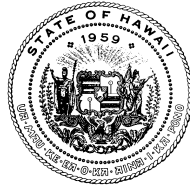
TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2497, S.D. 1

February 13, 2014

RELATING TO TOBACCO REGULATION

Senate Bill No. 2497, S.D. 1, increases the tobacco license fee pursuant to Section 245-2, HRS, from \$2.50 to \$250.00, and increases the retail tobacco permit fee pursuant to Section 245-2.5, HRS, from \$20.00 to \$50.00. The bill also specifies that revenues from the license and permit fees shall be used to support smoking cessation programs in the State.

The Department of Budget and Finance defers to the Departments of Health and Taxation regarding the programmatic and revenue impacts of the bill; however, we would like to point out that the tobacco license and permit fees are currently deposited into the general fund. As a matter of general policy, we do not support earmarking of general fund revenues. The requirement that "revenues . . . shall be used to support smoking cessation programs in the State," cannot be implemented by the Administration without a specific Legislative appropriation of general funds for a specified fiscal year to be expended by a State department.



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

In reply, please refer to:
File:

SENATE COMMITTEE ON WAYS AND MEANS
SB2497, SD1, RELATING TO TOBACCO REGULATION

Comments of David Sakamoto, MD, MBA
Deputy Director, Health Resources Administration

February 13, 2014
9:30 am, Room 211

1 **Department's Position:** The Department of Health (DOH) offers comments and defers to the
2 Department of Taxation (DoTax) on those matters relating to fees and revenue implementation.

3 **Fiscal Implications:** The DOH defers to the DoTax on the fiscal implications.

4 **Purpose and Justification:** SB2497,SD1 proposes to increase the current annual license fee for
5 tobacco wholesalers and dealers from \$2.50 to \$250.00 and also increase the annual tobacco retail
6 permit fee from \$20.00 to \$50.00. The amended SD1 specifies that revenue from license and permit
7 fees shall be used to support smoking cessation programs in the State.

8 The DOH supports the significant increase in licensure and permitting fees which have remained
9 unchanged for many years despite high tobacco taxes and ever increasing tobacco industry expenditures
10 in marketing and advertising. Tobacco licensing is an effective tool for limiting the negative public
11 health consequences of tobacco use by identifying who sells tobacco and better ensuring that licensees
12 adhere to responsible business practices under Chapters 245-2 and 245-2.5, Hawaii Revised Statutes
13 (HRS).

14 This measure proposes that the revenues collected shall be used to support smoking cessation
15 programs in the State. However, the measure does not include an appropriation section to establish a
Promoting Lifelong Health & Wellness

1 special fund for that purpose. The DOH defers to the priorities of the Governor's Supplemental
2 Executive Budget requests on any additional funds for public health programs. Currently the revenue
3 from the fees goes to the general fund. The DoTax is responsible for administering the licensing and
4 permitting of tobacco wholesalers or dealers and retailers. The DOH would be supportive of directing
5 the revenues to support increasing the capacity for the administration, surveillance, and enforcement of
6 tobacco products regulations.

7 We appreciate the opportunity to provide comments on SB2497, SD1.



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



Hearing: February 13, 2014; 9:30 a.m.

SB 2497, SD1 – RELATING TO TOBACCO REGULATION

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 2497, SD1, which increases the fees for tobacco wholesalers and retailers in the State.

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.

The current fee is \$2.50 for a tobacco wholesaler or distributor and \$20 for tobacco retailers, which are low considering the products that are being sold and distributed. We also support the revenues from the increase going to smoking cessation programs.

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



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mz9995@hotmail.com
Subject: *Submitted testimony for SB2497 on Feb 13, 2014 09:30AM*
Date: Wednesday, February 12, 2014 8:19:07 PM

SB2497

Submitted on: 2/12/2014

Testimony for WAM on Feb 13, 2014 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Zehner	Hawaii Smokers Alliance	Oppose	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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