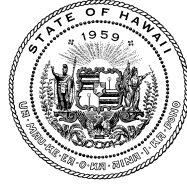


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Angus L.K. McKelvey, Chair
and Members of the House Committee on Consumer Protection & Commerce

Date: Wednesday, February 1, 2017
Time: 2:00 P.M.
Place: Conference Room 329, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 246, Relating to Chapter 245, Hawaii Revised Statutes

The Department of Taxation (Department) offers the following comments on H.B. 246 for your consideration.

H.B. 246 proposes the following changes to the Cigarette and Tobacco Tax Law:

- Require sellers of electronic smoking devices and e-liquid to acquire wholesaler's licenses or retail permits similarly to sellers of tobacco products;
- Raise the annual license fee for tobacco wholesalers from \$2.50 per year to \$250 per year;
- Raise the annual retail licensing permit fee from \$20 per retail location to \$50 per retail location;
- Amend section 245-3, HRS, to impose a tax of 70% of the wholesale price of electronic smoking devices and e-liquid sold on or after January 1, 2018;
- Amend section 245-9, HRS, to subject persons possessing electronic smoking devices and e-liquid to inspection by the Department of the Attorney General;
- Amend section 245-31, HRS, to require monthly reporting on distributions of electronic smoking devices and e-liquid.

As currently drafted, H.B. 246 is effective July 1, 2017.

First, the Department notes that the definition for "electronic smoking devices" is broad enough to encompass the definitions for both "disposable electronic smoking device" and "reusable electronic smoking device." H.B. 246 imposes its new taxes and other requirements on disposable electronic smoking devices and reusable electronic smoking devices equally and does not in any way distinguish between the two types of electronic smoking devices. Therefore, the Department suggests the terms "disposable electronic smoking device" and "reusable electronic

smoking device" be deleted from H.B. 246 for clarity.

Second, the Department notes that the introduction of this new class of items taxed under chapter 245, HRS, requires numerous technical amendments to the chapter for clarity and consistency. The following definitions and sections would need to be amended:

- HRS §245-1 definition of "business location" to read:

“Business location” or “place of business” means the entire premises occupied by a retail tobacco permit applicant or an entity required to hold a retail tobacco permit under this chapter and shall include but is not limited to any store, stand, outlet, vehicle, cart, location, vending machine, or structure from which cigarettes, electronic smoking devices, e-liquid, or tobacco products are sold or distributed to a consumer.

- HRS §245-1 definition of "license" to read:

“License” means a license granted under this chapter, that authorizes the holder to engage in the business of a wholesaler or dealer of cigarettes, electronic smoking devices, e-liquid, or tobacco products in the State. For purposes of any action brought pursuant to section 231-35, the term “license” shall include a retail tobacco permit required under this chapter.

- HRS §245-1 definition of "retail sale" to read:

“Retail sale” or “tobacco retailing” means the practice of selling cigarettes, electronic smoking devices, e-liquid, or tobacco products to consumers and includes the sale of cigarettes or tobacco through a vending machine.

- HRS §245-3(b) may need to be amended to include electronic smoking devices and e-liquid.

The Department defers to the Department of Health with respect to the effect requiring sellers of electronic smoking devices and e-liquid to acquire licenses or permits would have on the State's health and wellness. The Department also defers to the Department of Health with respect to what amounts constitute suitable fees for the privilege of operating in the State as a retailer or wholesaler of tobacco products, electronic smoking devices and e-liquid.

Finally, the Department requests that the effective date of this measure be changed from July 1, 2017 to January 1, 2018 to allow for the Department to make the necessary changes to the forms and instructions. The Department is able to implement the measure with a January 1, 2018 effective date; however, the computer system programming will occur with Rollout 5 of the Tax System Modernization program scheduled to be completed in July of 2019.

Thank you for the opportunity to provide comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Consumer Protection and Commerce
February 1, 2017 at 2:00 pm

By
Randall F. Holcombe, MD, MBA
Director, University of Hawai'i Cancer Center
University of Hawai'i at Mānoa

HB 246 – RELATING TO CHAPTER 245, HAWAII REVISED STATUTES

Chair McKelvey, Vice Chair Ichiyama, and Members of the Committee:

The University of Hawai'i Cancer Center (UH Cancer Center) is one of only 69 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.

Our passion at the UH Cancer Center is to be a world leader in eliminating cancer through research, education and improved patient care. Because tobacco consumption is a leading preventable cause of cancer, we take all issues related to tobacco in Hawai'i very seriously. Whereas the UH Cancer Center always has supported strong tobacco control measures in Hawai'i, the recent emergence of electronic smoking devices presents new challenges for tobacco control and tobacco-related legislation.

The UH Cancer Center perspective on electronic smoking devices is based upon data recently obtained from Hawaii adolescents and young adults who are participants in **original research conducted by our own faculty**. Research conducted in Hawai'i high schools by Thomas Wills, PhD, has confirmed that rates of e-cigarette use by Hawai'i adolescents are at least double the rate of e-cigarette use observed in studies of mainland adolescents. Furthermore, his study published in the peer-reviewed journal *Pediatrics* clarified a reason why e-cigarette use is growing nationally among teens, as his data suggest that e-cigarettes may be operating to recruit lower-risk adolescents to smoking. And recently Pallav Pokhrel, PhD, and Thaddeus Herzog, PhD, published on the topic of e-cigarettes and motivation to quit smoking. Drs. Pokhrel and Herzog also assessed differences between smokers who used e-cigarettes to quit versus those who used FDA-approved nicotine replacement therapy. Additionally, these researchers have published on the effects of e-cigarette marketing on harm perceptions, as well as e-cigarette use expectancies and their impact on e-cigarette use among young adults.

This research is vital to gaining an evidence-based understanding of what drives acceptance of this emerging technology, what users believe regarding its safety, and what the consequences are for adolescents, whose brains are particularly susceptible to nicotine.

We believe that e-cigarette use is detrimental to a person's health and that this risk is particularly significant for adolescents and young adults. We encourage the legislature to continue to support research related to electronic smoking behaviors and studies examining long-term health effects. Research from the UH Cancer Center faculty suggests that reducing the use of electronic smoking devices will improve the health of the people of Hawai'i.

Thank you for the opportunity to provide testimony on this bill.



American Heart Association Testimony Supports HB 246, “Relating To Chapter 245, Hawaii Revised Statutes”

The American Heart Association (AHA) supports HB 246 and strongly recommends that a portion of the tax on electronic smoking devices (ESDs) be allocated toward community education, prevention and control efforts related to use of those products.

The AHA considers ESDs to be tobacco products and supports their regulation under existing state and federal laws that apply to the use and marketing of such products. The association especially has grave concerns about the tobacco industry’s efforts to attract children and adolescents to ESDs and strongly advocates for laws and regulations that prohibit their sale and marketing to youth. We believe it is important to closely monitor ESDs and prevent them from serving as a gateway to smoking for non-smokers, or as a vehicle to lure smokers who have quit back to tobacco.

Youth use of ESDs in Hawaii has quadrupled over the last four years, largely due to unregulated marketing by ESD companies and retailers which make veiled claims that their products carry no health risks, and the addition of fruit and candy flavorings that appeal to youths. Enforcement of illegal sales to minors of these products is also made difficult by the lack of permitting or licensing on ESD wholesalers and retailers. ESD remain the only tobacco product sold in Hawaii that is taxed at only the GET rate, making them more affordable and attractive to Hawaii youths.

A study published by the University of Hawaii Cancer Center found that youths who use ESDs are much more likely to eventually graduate to smoking conventional cigarettes than those who don’t. Another study, conducted at the University of California, San Francisco, showed that nicotine use in adolescents can hinder brain development, which can lead to increased risk-taking, impulsiveness, novelty seeking, vulnerability to using and subsequent addiction to drugs.

The ESD industry is relentless in its pursuit of new users at an early age, and the recent U.S. Surgeon General’s report underscores how successful it has been in attracting this demographic. Like the tobacco giants that preceded them, ESD companies, many of which are by owned by Big Tobacco, are deploying despicable tactics of celebrity endorsements, cartoons and suggestive themes in ads to pitch their products. ESDs are further cloaked in new technology and flavors that appeal to today’s young people. We simply cannot let these marketing tactics renormalize tobacco use in our society today. The AHA feels it important for Hawaii legislators to regulate ESDs to prevent a reversal in the successes the state has achieved in reducing tobacco use among its youths. **We urge your support of HB 246 with an allocation of the ESC tax revenue dedicated to community tobacco education, prevention and control efforts.**

Respectfully submitted,

Paul Ho, M.D., cardiologist
American Heart Association volunteer

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

life is why™ es por la vida™ 全为生命™

Please remember the American Heart Association in your will.



Date: January 27, 2017

To the House Committee on Consumer Protection and Commerce

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

We strongly support HB246, which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit. I serve as the Hawai'i director for the American Lung Association of the Mountain Pacific; our mission is to save lives by improving lung health and preventing lung disease.

Electronic smoking devices (ESDs) usage rates are growing at alarming rates. It has surpassed the use of cigarettes, with ESD use among middle and high school students **TRIPLING** in a year's time. In Hawai'i, 1 in 5 adults and high school students and 1 in 10 middle school students smoke e-cigarettes.

With e-cigarette use at an all-time high, the appeal of ESDs has to be curbed. Now that the FDA has deemed ESDs as tobacco products, we urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i, and will work with these merchants to educate and enforce current tobacco laws.

We strongly support HB246 and ask you to pass this out of committee.

I can be reached at 808-687-5375 or Kim.Nguyen@lung.org, should you have any questions. Thank you for the opportunity to provide testimony.

Mahalo,



Kim Nguyen, MSW
Executive Director – Hawai'i
American Lung Association of the Mountain Pacific

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 10:09 AM
To: CPCtestimony
Cc: cnrs@interpac.net
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/31/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
brian nakano	Chika Nakano Repair Shop	Oppose	No

Comments: Please don't tax the electronic cigarettes. It is helping people to get off regular cigarettes.

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
Sent: Monday, January 30, 2017 7:32 PM
To: CPCtestimony
Cc: b.leong@thehavanaclub.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard Leong	Havana Club Honolulu	Oppose	No

Comments:

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Date: January 30, 2017

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

From: Trish La Chica, Policy and Advocacy Director, Hawai'i Public Health Institute

Re: **STRONG SUPPORT for HB246, Relating to Chapter 245, Hawaii Revised Statutes**

Hrg: February 1, 2017 at 2:00pm at Conference Room 329

Thank you for the opportunity to submit testimony in **STRONG SUPPORT** of HB246 which imposes a tax on electronic smoking devices and e-liquid and requires retailers to obtain a retail tobacco permit.

The Coalition for a Tobacco-Free Hawai'i (Coalition) is a program of the Hawai'i Public Health Institute (HIPHI) that is dedicated to reducing tobacco use through education, policy, and advocacy. With nearly two decades of history in Hawai'i, the Coalition has led several campaigns on enacting smoke-free environments, including being the first state in the nation to prohibit the sale of tobacco and electronic smoking devices to purchasers under 21 years of age.

E-cigarette use among youth and young adults has become a public health concern. ESDs, or e-cigarettes, are battery-powered devices that heat liquid usually containing nicotine and other flavors and additives into an aerosol that the user inhales. This nicotine is addictive and harmful particularly to adolescents, whose brains are still developing. A 2016 report by the Surgeon General concluded that e-cigarettes are dangerous and a health threat to youth and young adults.

Electronic smoking devices (ESDs) are the only tobacco product without a tobacco tax. In 2016, the FDA deemed e-cigarettes, including its components and parts as tobacco products. In Hawaii and across the nation, ESDs are now the most commonly used tobacco product among youth and young adults. In a poll conducted by Ward Research Inc. for the Coalition in November 2016, 75% of registered Hawai'i voters were in support of taxing e-cigarettes at the same rate as cigarettes or other tobacco products. The Coalition recommends that ESDs be taxed at the same rate as other tobacco products, (70% of the wholesale price). Because ESDs are not subject to current State tobacco tax laws, they are seen as lower-priced tobacco alternatives with virtually no restrictions that can be appealing to the youth.

ESD licensing and permits protect both consumers and merchants. The Coalition recommends that ESD sellers and vendors obtain a tobacco permit to help facilitate the communication and enforcement



of current tobacco tax and purchase laws. Currently, there is no database that tracks who is selling ESDs in the state, making it difficult for the Department of Health to track and communicate relevant tax and tobacco selling laws, as well as distribute proper signage that help to educate Hawai'i residents and visitors on current laws. This communication will also help other agencies to educate merchants on new federal regulations on e-cigarettes.

The Coalition further recommends that a portion of the revenue collected from ESD and e-liquid taxes be dedicated to tobacco prevention and control. The same statewide poll found that 91% of registered Hawaii voters overwhelmingly agree that it is important for the State to earmark some of the revenue from cigarette and tobacco taxes to fund tobacco prevention and cessation programs. Currently no revenue from cigarette or OTP taxes is appropriated for tobacco prevention and cessation. When the price of tobacco increases, more people seek help to quit and we need to ensure programs are available and accessible by the public to help them quit.

In addition, the current license fee for wholesalers and dealers is only \$2.50 a year, while retail tobacco permit fees cost only \$20 a year. Hawai'i has one of the lowest fees in the nation for both wholesalers and retailers. **The Coalition supports increasing the wholesaler and dealer license fee to \$250.00 and the retail tobacco permit fee to \$50.00.**

The U.S. Surgeon General issued an immediate call to action for all local and state government to enact policies that address the harmful impact of e-cigarettes. Hawai'i has already made enormous progress on tobacco control and we ask the legislature to take the necessary steps to reduce the negative health impact made by e-cigarettes and other emerging tobacco products.

Thank you for the opportunity to testify. We strongly support HB246 and respectfully ask you to pass this measure out of committee.

Mahalo,

A handwritten signature in black ink, appearing to read 'Trish'.

Trish La Chica
Policy and Advocacy Director

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 10:51 AM
To: CPCtestimony
Cc: mz9995@hotmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/31/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

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

Comments: We strongly oppose this unfair and regressive tax increase that attacks the income of hard working citizens.

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 7:01 AM
To: CPCtestimony
Cc: mokuleiacigars@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/31/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Kalani Matsuura	Mokuleia Cigar Company	Oppose	No

Comments:

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99-082 Kauhale St, Suite #B1
Aiea, Hawaii 96701
(808) 486-0402
Devin@pcgamerzhawaii.com

To: Committee on CPC

Re: Opposition to HB246

Hearing: Wednesday, February 1, 2017 2:00pm

Thank you for allowing me to speak my name is Devin Wolery from PC Gamerz & SFATA Hawaii.

- Adding a “SIN” tax to electronic cigarettes will be damaging to the local industry
 - By doing this, many shops would close.
 - The current local customers would switch to purchasing online, which would get the state no income.
 - We as a state always push to support local. This would burden everyone.
 - 75-100+ vape shops are mom and pop businesses. They are not tied to big tobacco.
 - Big tobacco uses current distribution networks. Such as gas stations and convenience stores.
 - Vape shops do not. They put their livelihood on the line, by opening up their own stores.
- Electronic Smoking devices, IE Vape products are not Tobacco
 - People that vape, are anti tobacco. We want to get away from the smokers.
 - Devices and atomizers, coils, drip tips, tanks and any other accessory that is sold ala carte, does not contain nicotine.
 - If that is true for vape products, would that not also make it so that all rolling papers, lighters, glass “tobacco” pipes and other accessories would also be tobacco products?
- E-cigarettes are already more expensive than cigarettes.
 - Many users do not use cigalikes which are \$20-50 for a starter pack. Currently.
 - Majority of vape shop customers use ala carte devices that cost upwards of
 - \$150-300 per combined kit.
 - Basic starter regulated mods go for **\$40-60+GET**
 - Normal Regulated mods go for **\$60-90+GET**
 - Advanced mods go for **\$100-200+GET**
 - Eliquid costs are already high at
 - **\$20+GET** for a 30ml
 - **\$30+GET** for a 60ml.
 - **\$65+GET** for a 120ml
 - Because they are buying more quantity upfront that saves them in the long run they should be punished?
 - Should we make a wasteful tax for buying more than we can use from Costco?



99-082 Kauhale St, Suite #B1
Aiea, Hawaii 96701
(808) 486-0402
Devin@pcgamerzhawaii.com

- If this definition passes in ANY of the bills through the session.
 - It WILL guarantee a black market on the island. Putting many tax paying shops out of business.
 - There is already a black market on Craigslist and Facebook Groups.
 - Those outlets for the products are completely unregulated and do not hold themselves to the standards we want in place for the vape industry.
 - More people will get sick or hurt from this over reach.
 - Please defer this bill and consider discussion with SFATA Hawaii.

If you are looking to drive revenue, this will NOT do that. In Pennsylvania a 40% tax was added last year. And forced the closure of 95% of all vape shops. You will also put 100 shops out of business. And all local producers and manufacturers. Volcano alone has 100+ employees, you will lose all that revenue as well.

Thank you for allowing me to speak, I am available for questions

Devin Wolery
PC Gamerz Hawaii
SFATA Hawaii Chapter

ichiyama2 - Brandon

From: Rise Doi
Sent: Thursday, February 2, 2017 8:38 AM
To: Rep. Linda Ichiyama
Cc: ichiyama2 - Brandon
Subject: FW: Regarding HB246

From: Devin Wolery [mailto:devin@pcgamerzhawaii.com]
Sent: Wednesday, February 1, 2017 5:30 PM
To: Rep. Angus McKelvey <repmckelvey@capitol.hawaii.gov>; Rep. Linda Ichiyama <repichiyama@capitol.hawaii.gov>; Rep. Chris Todd <reptodd@capitol.hawaii.gov>
Subject: Regarding HB246

Hello Chair Angus, Vice Chair Linda, and Chris,

I was at the hearing today (2-1-17, 2 pm)

The doctor from UH Cancer center mentioned that people were going from vaping to smoking normal combustible cigarettes. Multiple studies have been done that find that to be false.

Personally, I Quit smoking combustible cigarettes with vaping. and have NEVER gone back. I can not stand the smell of burning tobacco.

From the [Wall Street Journal](#) - "The gateway hypothesis is a myth. The evidence shows that very few nonsmokers "vape." The primary reason people use e-cigarettes is to quit or cut back on smoking conventional cigarettes. Moreover, of the few non-smoking youths who do experiment with e-cigarettes, there is currently no evidence that they subsequently progress to cigarette smoking."

From [tobacco analysis](#) - "A new [Study](#) published online ahead of print in the journal *Nicotine & Tobacco Research* pretty much blows out of the water the hypothesis that youth e-cigarette experimentation causes kids to progress to cigarette smoking."

From [American Journal of Preventive Medicine](#) - "Conclusions:

Hookah and ETPs are increasingly becoming the first tobacco product ever tried by youth; however, uptake of ETPs is poor, unlike cigarettes and SLT, and does not appear to lead to significant daily/non-daily use of cigarettes and SLT."

Also when the Doctor spoke on highschool smoking rate and said 25% I personally find that really high. In [this article](#) from June 10th 2016 - It states that 25% said they had "USED" them in the last 30 days. Used can be 1 time or 30 times in 30 days. It is not an accurate representation.

Also for 2015, it is a bit skewed, as the law to increase the age from no restriction to 21 went in to effect in 2016.

The vaping industry in no way supports underage vaping. We do not understand why they are doing something that clearly "older" people do. And we as retailers strictly enforce ID checking.

E-Cigarettes get people off traditional combustible cigarettes. The gateway myth is not valid. And the "For the kids" argument is not valid either. Smoking rates are the lowest they have been in decades. And they are continuing to fall every year.

By taxing Vape products at the same rate as tobacco, will kill the industry and force people back to traditional cigarettes. As they will be considerably cheaper. Even with ANY tax you put on them. And they will be easier to get.

Vaping is [95% less harmful than Tobacco](#)

A 70% tax on wholesale will kill the market in Hawaii. It will also put a hundred vape shops out of business. Thousands of employees will be unemployed.

If you have any questions please feel free to contact me.

--

Devin Wolery

Director of Gaming

www.pcgamerzhawaii.com

PC Gamerz Aiea: 808-486-0402

Cell: 808-497-9362

Instagram: @pcgamerzhawaii

Facebook.com/pcgamerzhi

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, License Fees, Electronic Smoking Devices

BILL NUMBER: SB 404; HB 246 (Identical)

INTRODUCED BY: SB by BAKER, GABBARD, HARIMOTO, Inouye, Keith-Agaran, Kidani, Nishihara; HB by BELATTI, EVANS, C. LEE, TAKAYAMA, TAKUMI, TOKIOKA

EXECUTIVE SUMMARY: The measure: (1) adds and amends various definitions in chapter 245, Hawaii Revised Statutes, to ensure that dealers, retailers, and wholesalers of electronic smoking devices and e-liquid obtain the applicable license or permit; (2) increases the annual license fee for a wholesaler or dealer from \$2.50 to \$250.00; and (3) increases the annual retail tobacco permit fee from \$20 to \$50.

BRIEF SUMMARY: Amends HRS section 245-1 to add definitions of disposable electronic smoking device, electronic smoking device, e-liquid, and reusable electronic smoking device; amends definitions “dealer”, “retailer”, “sale” or “sold”, “wholesale price”, and “wholesaler” to include electronic smoking devices or e-liquid.

Amends HRS section 245-2 to increase the annual fee for a tobacco wholesaler license from \$2.50 to \$250.00.

Amends HRS section 245-2.5 to increase the annual fee for a retail tobacco permit from \$20 to \$50. Makes other conforming amendments to include sales of electronic smoking devices or e-liquid, including an amendment to subsection (o) to clarify that electronic smoking devices or e-liquid unlawfully possessed may be seized and ordered forfeited.

Amends HRS section 245-3 to impose an excise tax of 70% of the wholesale price of each electronic smoking device, disposable electronic smoking device, reusable electronic smoking device, or e-liquid sold, used, or possessed by a wholesaler or dealer on and after January 1, 2018, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer.

Makes conforming amendments to other sections of the Tobacco Tax Law.

EFFECTIVE DATE: July 1, 2017.

STAFF COMMENTS: The proposed measure would amend the definition of “cigarette” to include “electronic smoking devices” thereby making them subject to the tobacco tax. Traditional cigarettes have been proven to be a health hazard, but electronic smoking devices have only appeared on the market in 2004. Even though such devices contain nicotine, they do not produce other hazardous substances associated with a traditional cigarette.

Given the fact that there is no tobacco being consumed with these electronic smoking devices, it is questionable why these products should be placed under the tobacco tax. They may be

substitutes for a tobacco product, but so are other products like nicotine gum. How should these latter products be taxed, if at all? As noted many times before, if the health department believes that products such as cigarettes, chewing tobacco, and other forms of tobacco consumption are bad for the community's health, then those products should be banned altogether. Apparently, lawmakers do not want to give up the revenues they reap from the heavy taxes imposed on these products.

Digested 1/25/2017

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2017 2:48 PM
To: CPCtestimony
Cc: pk.hitest@spamgourmet.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/26/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
P Kuromoto	Individual	Oppose	No

Comments: Imposing additional taxes of any kind on vapor related products continues to be the same terrible idea that it has been every year this legislation has been proposed. Vaping is not smoking. Vapor products are not tobacco products and contain no tobacco. Vapor products are scientifically known to be upwards of 95% less harmful than smoking tobacco. Every year more and more science confirms that vapor products are some of the best tobacco harm reduction products ever invented. This technology should be encouraged, not attacked via taxes and restrictive legislation.

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2017 2:47 PM
To: CPCtestimony
Cc: Teddykim613@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/26/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Teddy Kim	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2017 2:47 PM
To: CPCtestimony
Cc: vinkim@gmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/26/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Vin Kim	Individual	Oppose	No

Comments: What message are you sending to people when taxing products that help people quit smoking? This tax does not make sense.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 2:00 PM
To: CPCtestimony
Cc: cchaudron08@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Camila Chaudron	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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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 3:01 PM
To: CPCtestimony
Cc: vtt.grimm@gmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Vinh Tran	Individual	Oppose	No

Comments: I oppose the bill that would tax or ban e-cigarette products in the market currently. This bill will put businesses in jeopardy and jobs will be lost for thousands of people in Hawaii.

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
Sent: Friday, January 27, 2017 3:36 PM
To: CPCtestimony
Cc: myers_florida@rocketmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Johnathon Myers	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 29, 2017 2:03 PM
To: CPCtestimony
Cc: pipelinemax@outlook.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/29/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Kimo Cruz	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 29, 2017 10:27 AM
To: CPCtestimony
Cc: kealii2002@yahoo.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/29/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
dustin hao	Individual	Oppose	No

Comments: I oppose this bill. New and increased taxes will hurt local small businesses. I do not smoke cigarettes or vape devices. I enjoy the occasional cigar. I find it a calming and meditative experience. With the increase in taxes, I believe local tobacco retailers will no longer be able to provide this service to our local residents. Furthermore, I understand the harmful effects of cigarettes and other tobacco related products. As an adult I CHOOSE to enjoy a cigar occasionally.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 5:28 PM
To: CPCtestimony
Cc: ian.k.a.aoyama@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/28/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Ian Aoyama	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 5:24 PM
To: CPCtestimony
Cc: lakanebangay@ymail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/28/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Bangay	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 5:19 PM
To: CPCtestimony
Cc: rkkumalaa@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/28/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Raymond Kunalaa	Individual	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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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 12:28 PM
To: CPCtestimony
Cc: makule@maui.net
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/28/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Medeiros	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 9:59 AM
To: CPCtestimony
Cc: mrckima@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/28/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Marcia Kimura	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 8:33 AM
To: CPCtestimony
Cc: jason.park1@aol.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/28/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Jason Park	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 11:14 PM
To: CPCtestimony
Cc: tyskik@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Tyson S Ikehara	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 10:36 PM
To: CPCtestimony
Cc: noelaraki@gmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Noel Araki	Individual	Oppose	No

Comments: I oppose this bill

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 10:02 PM
To: CPCtestimony
Cc: cigarguynhi@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Monroe	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 7:57 PM
To: CPCtestimony
Cc: alankane@hawaii.edu
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Kane	Individual	Oppose	Yes

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 7:43 PM
To: CPCtestimony
Cc: cee3po@gmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Chai	Individual	Oppose	No

Comments: Eliquids have become extremely popular over just a few years. They have no ties to anything tobacco related, less that of cigarettes, and even more so with cigars. This bill imposes higher permit fees for items grouped together which are completely irrelevant. If nicotine is the common denominator, think about a potato. Might as well impose fees on local farmers as well

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
Sent: Friday, January 27, 2017 6:36 PM
To: CPCtestimony
Cc: protechoahu@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Clayton Silva	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 5:07 PM
To: CPCtestimony
Cc: cabatbat@aol.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
erik cabatbat	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 4:20 PM
To: CPCtestimony
Cc: keane.tanaka@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Keane Tanaka	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 4:11 PM
To: CPCtestimony
Cc: thasugarbear@hotmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/27/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
leroy woods jr	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 29, 2017 3:00 PM
To: CPCtestimony
Cc: jchangworld@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/29/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Jessica Chang	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 10:57 AM
To: CPCtestimony
Cc: jjw333333@gmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Jake J. Watkins	Individual	Oppose	No

Comments: The ignorance based hatred of e-cigs needs to stop.

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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CPCtestimony

From: mgagen@everyactioncustom.com on behalf of Marilyn Gagen
<mgagen@everyactioncustom.com>
Sent: Monday, January 30, 2017 12:48 PM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,
Marilyn Gagen
59 -398 Ka Nani Dr
Kamuela, HI 96743-8500

CPCtestimony

From: john.s.ishoda@everyactioncustom.com on behalf of John Ishoda
<john.s.ishoda@everyactioncustom.com>
Sent: Monday, January 30, 2017 1:33 PM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,
John Ishoda
1700 Lanakila Ave Rm 104
Honolulu, HI 96817-2115

CPCtestimony

From: bmih@everyactioncustom.com on behalf of Bryan Mih
<bmih@everyactioncustom.com>
Sent: Monday, January 30, 2017 1:37 PM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

As a pediatrician in Honolulu and medical director of the HEALTHY Tobacco & Nicotine Cessation Program, I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

Electronic smoking devices are clearly products meant to approximate the use of cigarettes and other tobacco products. Electronic smoking devices take a mixture of chemicals, including nicotine, and vaporize it at high temperatures. These devices emit nicotine byproducts and a variety of other chemicals, and they have not been fully studied in regards to safety. E-cigarette vapor has been shown to include carcinogens and toxins including nicotine, nitrosamines, diethylene glycol, formaldehyde, and acetaldehyde. The U.S. Food and Drug Administration has exhibited concern regarding the safety of electronic smoking devices as well.

Despite entering the market only a few years ago, electronic smoking devices (ESDs), or e-cigarettes are showing huge increases in use among middle and high school students. In Hawai'i, 1 in 5 adults and high school students and 1 in 10 middle school students smoke e-cigarettes, exceeding cigarette use.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E-cigarette s are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

Contrary to popular belief, ESDs do not emit harmless water vapor. Vaping companies are using the same tobacco marketing tactics by advertising e-cigarettes as inexpensive and comparing them to smoking cigarettes. Popular local e-liquid flavors include Kona coffee, Maui mango, Pele's papaya, and pineapple punch.

Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

Thank you for your consideration and support of this important measure.

Sincerely,

Bryan Mih, MD, MPH, FAAP
Pediatrician

Sincerely,
Bryan Mih
1944 Naniu Pl
Honolulu, HI 96822-1758

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 2:23 PM
To: CPCtestimony
Cc: hhwlee@hotmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Herbert Lee	Individual	Oppose	No

Comments: I am opposed to HB 246 to impose a general excise tax on vape/e-cig and cigars and to categorize all tobacco retailers under one label. When you closely examine how cigarettes are produced compared to cigars, they are quite different. I understand the tobacco-related concerns expressed by many health advocates. The Center of Disease Control (CDC) is one of the major operating components of the Department of Health and Human Services. It is well-known and well-respected in the health community world-wide. CDC works 24/7 (<https://www.cdc.gov/24-7/index.html>) to protect America from health, safety and security threats, both foreign and in the U.S. Whether diseases start at home or abroad, are chronic or acute, curable or preventable, human error or deliberate attack, CDC fights disease and supports communities and citizens to do the same. To accomplish this mission, CDC conducts critical science and provides health information that protects our nation against expensive and dangerous health threats, and responds when these arise. One of CDC's areas of health concern is smoking. I agree that CDC has compiled a very comprehensive list of facts about smoking. I would like to point out the fact that this helpful information was produced after many years of fact-finding, research, and data collection of cigarette smoking primarily. There is little information collected about cigars and vaping to substantiate the same health hazard of cigarette smoking. If we are planning to group cigarettes, cigars and vaping into the same category, the facts and data showing health hazards are primarily from cigarette smoking. To clarify this point, all data collected are in reference primarily to cigarette smoking as "Tobacco Use". Some data refer to chewing tobacco. "Second Hand Smoke" is primarily referenced to cigarette smoking. Personally, I have not seen any similar comprehensive data about cigars and vaping. Many health resources cite the alarming rise in our youths under the age of 18 smoking cigarettes. Anyone under the age of 21 is not permitted to purchase cigarettes in Hawaii. If this is happening in Hawaii, someone is not enforcing it properly. There are opinions stating that minors under the age of 18 are also purchasing cigars. Honestly, I have never seen a minor smoking a premium cigar valued at \$8.00 or more which takes over an hour to enjoy. However, I have seen more incidents of minors smoking a cigarette in two minutes or less. FYI: you never smoke/inhale a cigar like a cigarette. Therefore, if the ultimate concern to increase the general excise tax to protect the general health of our

community, I agree to raise it for cigarettes. However, there is no substantial proof to show that cigars and vaping are in that same category of health concern like cigarettes.

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ichiyama2 - Brandon

From: vyontz@everyactioncustom.com on behalf of Valerie Yontz
<vyontz@everyactioncustom.com>
Sent: Monday, January 30, 2017 3:49 PM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,

Valerie Yontz, PhD
677 Auwina Street
Kailua, Hawaii 96734

Sincerely,
Valerie Yontz
677 Auwina St
Kailua, HI 96734-3430

I am submitting personal testimony on HB246 based on my research with adolescents in Hawaii, which was supported by grants from the National Institutes of Health. I am the interim director for the Cancer Prevention and Control Program in the University of Hawaii Cancer Center. The comments presented here are my personal testimony and do not necessarily reflect the views of the National Institutes of Health or the University of Hawaii Cancer Center.

HB246 would establish an excise tax on electronic smoking devices (hereafter, e-cigarettes).

I support this legislation because our research indicates that use of e-cigarettes is quite prevalent among adolescents in Hawaii. Our publication in the journal Pediatrics reported that 29% of 9th and 10th grade students in six Hawaii high schools in 2013 used e-cigarettes at least once and 18% use them regularly. Our analysis of the more recent 2015 Hawaii Youth Risk Behavior Survey found that 45% of high school students had used e-cigarettes and 25% were regular users. Also, 23% of the sample used both e-cigarettes and cigarettes.

Furthermore, our recent publications in the journal Tobacco Control have shown that using e-cigarettes makes adolescents more likely to start smoking 1 year later. That is, **e-cigarette use increases smoking initiation among adolescents**. And our current analyses are showing that e-cigarette use is associated with higher rates of asthma among Hawaii adolescents. These findings have public health implications because any factor that increases adolescent smoking will have negative effects on public health. Our research in Hawaii has shown e-cigarette use has risks, and our results have been confirmed by studies in different parts of the mainland and Asia.

Our findings indicate that more action is necessary to reduce the rate of cigarette smoking and e-cigarette use among adolescents. Taxation has previously been shown effective for reducing rates of adolescent cigarette smoking. Thus there is a justification for increasing the tax on e-cigarettes as a means for protecting the health of the people of Hawaii.

I support HB246 for these reasons.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 10:38 PM
To: CPCtestimony
Cc: darlene.ben73@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Darlene Ben	Individual	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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From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 10:37 PM
To: CPCtestimony
Cc: Traeboogie@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Melvin Baldwin	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 9:59 PM
To: CPCtestimony
Cc: Blang57@msn.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Blane Arakaki	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 9:13 PM
To: CPCtestimony
Cc: sushisupremehawaii@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Grant Kawasaki	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 9:01 PM
To: CPCtestimony
Cc: lanson@2020autodetailing.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Lanson Siazon	Individual	Oppose	No

Comments: Once again you will cause customers to go elsewhere spending their money online and you will LOSE money. Stop increasing taxes. Do your jobs as politicians and look at what you are doing. Increasing taxes in hawaii is not what the people who voted you in for. Freedom is choice. Oppose!

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
Sent: Monday, January 30, 2017 8:57 PM
To: CPCtestimony
Cc: dtown_dawg@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Donnell E. Freeman	Individual	Oppose	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 8:31 PM
To: CPCtestimony
Cc: anthony_orozco@yahoo.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/30/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Orozco	Individual	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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CPCtestimony

From: corychun@everyactioncustom.com on behalf of Cory Chun
<corychun@everyactioncustom.com>
Sent: Tuesday, January 31, 2017 12:24 AM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,
Cory Chun
94 -1035 Kaamea St
Waipahu, HI 96797-4837

CPCtestimony

From: daoyagi10@everyactioncustom.com on behalf of Davin Aoyagi <daoyagi10@everyactioncustom.com>
Sent: Monday, January 30, 2017 7:05 PM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,
Davin Aoyagi
316 Elelupe Rd Apt B
Honolulu, HI 96821-2218

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 9:30 AM
To: CPCtestimony
Cc: lovemyhello@kittymail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/31/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Rebecca Powell	Individual	Oppose	No

Comments: Aloha, I consider myself a Democrat. That being said it isn't fair to keep ripping off working people with more sky-high taxes on vape or tobacco products. Obama said the rich should pay their fair share - What happened?

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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 10:46 AM
To: CPCtestimony
Cc: 808aprilpacheco@gmail.com
Subject: Submitted testimony for HB246 on Feb 1, 2017 14:00PM

HB246

Submitted on: 1/31/2017

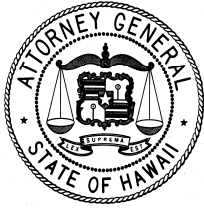
Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
April Pacheco	Individual	Oppose	No

Comments: Makes me think the government wants to have people smoking more tobacco again by taking away the cost difference.

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**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2017**

LATE

ON THE FOLLOWING MEASURE:

H.B. NO. 246, RELATING TO CHAPTER 245, HAWAII REVISED STATUTES.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

DATE: Wednesday, February 1, 2017 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Janine R. Udui, Deputy Attorney General

Chair McKelvey and Members of the Committee:

The Department of the Attorney General ("Department") appreciates the intent of this bill and submits the following comments and proposed amendments.

The purpose of this bill is to impose an excise tax on electronic smoking devices, disposable electronic smoking devices, and reusable electronic smoking devices (collectively "electronic smoking devices") as well as e-liquids sold in the State. Additionally, the bill requires retailers of electronic smoking devices and e-liquids to obtain a retail tobacco permit, and increases certain license and permit fees involving the sale of electronic smoking devices and e-liquids.

The Department notes that the wording contained in section 2 of the bill, found on page 6, lines 11 through 18, defining "electronic smoking device" may be overly broad and have the unintended consequence of including items within the definition of an electronic smoking device, which may have uses beyond those contemplated as a component of an electronic smoking device. As proposed in the bill, the term "electronic smoking device" is defined in the following manner:

Electronic smoking device means any electronic product that can be used to aerosolize and deliver nicotine to the person inhaling from the device, including but not limited to an electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, hookah pipe, or hookah pen, and any

component of the device or related product, whether or not sold separately, including but not limited to atomizers, coils, drip tips, and tanks. [Emphases added.]

The wording of the bill that includes the phrase “any component of the device or related product, whether or not sold separately,” may result in having the unintended consequence of causing items, such as batteries, that have other uses, to be defined and taxed as electronic smoking devices.

We understand that batteries, in one form or another, may provide the power source for many, if not all, electronic nicotine delivery systems. As this is a tax measure, the bill has the potential to require any batteries that may be sold by any tobacco wholesaler or dealer, to be taxed at a different tax rate than the same batteries sold elsewhere, irrespective of whether the batteries have a practical use apart from being a component of an electronic smoking device or related product. This is because the bill’s wording expands the taxable item to include any component of an electronic smoking device, including a battery, “whether or not sold separately.” These batteries would have the potential to be taxed at seventy percent of the wholesale price even if the battery has a use apart from providing the power source for an electronic nicotine delivery system.

Tobacco wholesalers and dealers often deal with products aside from cigarettes and tobacco products. For instance, large box stores may sell cigarettes and other tobacco products at wholesale and retail in addition to other types of products, including various types of batteries. A possible remedy to this potential problem would be to specifically exclude batteries that are sold separately from any electronic smoking device or electronic nicotine delivery system.

The Department also recommends the following amendments that are technical in nature and simply clarify the definition of certain terms to promote consistency and reflect the intent of the bill.

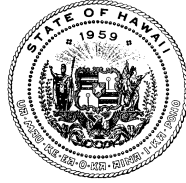
In section 2, on page 6, line 15, of the bill, the definition of “electronic smoking device” includes a “hookah pipe.” As traditional hookah pipes do not generally require an electrical power source, the Department recommends

amending the definition of “electronic smoking device” to change the phrase “hookah pipe” to read “electronic hookah pipe,” to clarify what constitutes an electronic smoking device.

We recommend the bill amend the definition of “retail tobacco permit” as currently set forth in section 245-1, Hawaii Revised Statutes, to include “electronic smoking devices, or e-liquid” to remain consistent with the amendments to definitions contained within the bill.

We further recommend the bill also amend the definition of “license” as currently set forth in section 245-1 to include “electronic smoking devices, or e-liquid” to remain consistent with the amendments to definitions contained within the bill.

The Department respectfully recommends that the above matters be considered and that the suggested changes be made in order to better promote the intent of this bill. Thank you for the opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov



**Testimony in SUPPORT of HB0246
RELATING TO CHAPTER 245, HAWAII REVISED STATUTES**

REPRESENTATIVE ANGUS L.K. McKELVEY, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Hearing Date: February 1, 2017 Room Number: 329

1 **Fiscal Implications:** The Department of Health (DOH) defers to the Department of Taxation
2 (DoTAX) on fiscal implications.

3 **Department Testimony:** DOH supports the purpose of House Bill No. HB0246, as summarized
4 in Section 1 (pages 5 to 6). The imposition of an excise tax equal to seventy percent of the
5 wholesale price of each Electronic Smoking Device (ESD), disposable ESD, reusable ESD, and
6 e-liquid is consistent with the tax on other tobacco products. This strategy has been proven
7 effective with cigarettes and other tobacco products to prevent youth and young adults from
8 initiating tobacco use. Currently, ESDs are the only tobacco product that is not taxed. The
9 proposed tax would cover the ESD and the components of the device, whether or not sold
10 separately, including, but not limited to atomizers, coils, drip tips, and tanks. Last year, the
11 Federal Food and Drug Administration extended its regulatory authority to cover all tobacco
12 products, including ESDs. The deeming regulation defined components or parts to include
13 “software or an assembly of materials intended or reasonably expected to alter or affect the
14 tobacco product’s performance, composition, constituents, or characteristics; or to be used with
15 or for the human consumption of a tobacco product.”¹

16 The Department supports the proposed amendments to the definitions of dealer, retailer,
17 and wholesaler. The addition of ESDs and e-liquids into these definitions broadens the entities
18 that will need to obtain the applicable license or permit. Currently, all that is required of these
19 vendors is a General Excise License. A statewide survey conducted by the University of Hawaii
20 Cancer Center identified more than 100 ESD establishments (vape shops), separate from tobacco

1 retail outlets. However, no specific database exists from the DoTAX to confirm this number.
2 Licensure and retail permitting would bring ESD vendors in alignment with the traditional
3 tobacco retailers, and would provide accurate data for compliance surveillance.

4 DOH further supports the proposed increases in licensure and permitting fees which have
5 remained unchanged since 1995, and expands the requirements to those who sell ESDs and e-
6 liquids. Tobacco licensing is an effective tool for limiting the negative public health
7 consequences of tobacco use by ensuring that wholesalers and retailers comply with responsible
8 sales practices. An analysis of tobacco sales license requirements across the United States
9 reveals a very broad range of fees for different statutory purposes. The amounts vary from no
10 fee at all to \$1,500/year. Of the 40 states that do have fees, 26 states charge \$100/year or more
11 and 14 states charge \$200/year or more. Nine states charge between \$500/year and \$1,500/year.
12 Hawaii is only one of two states that charge a wholesaler less than a retailer. The proposed
13 increase to the license fee from \$2.50 to \$250 a year is in line with national practices.

14 The retail tobacco permit of \$20 was established in 2006 and is administered by DoTAX.
15 The purpose of the fee is to cover administrative costs. Nationally, amounts can vary from no
16 fee to \$1,000/year. Of the 34 states that have retailer fees, 15 states charge more than \$20/year
17 but less than \$100/year, with about half (8 out of 15) of those states charging \$50/year or more.
18 The proposed increase to tobacco permit fee from \$20 to \$50 a year is in line with national
19 practices.

20 DOH recommends that licensure and permitting fees be directed toward covering
21 administrative expenses, adequate funding for merchant education, legal signage, and the
22 enforcement of tobacco sales laws.

23 Thank you for the opportunity to testify.

24 **Offered Amendments:** None

¹ Department Of Health & Human Servs., Food & Drug Administration, 21 CFR Parts 1100, 1140, and 1143 [Docket No. FDA-2014-N-0189] RIN 0910-AG38, *Deeming Tobacco Products To Be Subject to the Federal Food, Drug, and Cosmetic Act, as*

Amended by the Family Smoking Prevention and Tobacco Control Act; Restrictions on the Sale and Distribution of Tobacco Products and Required Warning Statements for Tobacco Products, Federal Register/Vol 81, no 90, 05/10/16/Rules and Regulations, p2905 <http://www.fda.gov/TobaccoProducts/Labeling/RulesRegulationsGuidance/ucm388395.htm>



Hawaii
Children's Action Network
Building a unified voice for Hawaii's children

January 31, 2017

LATE

To: Representative Angus L.K. McKelvey, Chair
Representative Linda Ichiyama, Vice Chair
Committee on Consumer Protection and Commerce

From: Deborah Zysman, Executive Director
Hawaii Children's Action Network

Re: **HB 246 – Relating to Chapter 245, Hawaii Revised Statutes.**
Hawaii State Capitol, Room 329, February 1, 2017, 2:00 PM

On behalf of Hawaii Children's Action Network (HCAN), we are writing to support HB 246 – Relating to Chapter 245, Hawaii Revised Statutes.

This bill would create a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit. Now that the FDA has deemed ESDs as tobacco products, the Hawaii legislature needs to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product in Hawaii without a tobacco tax and increasing prices is a proven strategy to discourage use of these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and cessation programs.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E-cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawaii have decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids. The e-cigarette industry uses the same tobacco marketing tactics to appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple.

This bill also requires a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawaii, work with the merchants to educate them, and enforce current tobacco laws.

HCAN is committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education. Last fall, HCAN convened input in person and online from more than 50 organizations and individuals that came forward to support or express interest for a number of issues affecting children and families in our state that resulted in the compilation of 2017 Hawai'i Children's Policy Agenda, which can be accessed at <http://www.hawaii-can.org/2017policyagenda>. **This measure is one of the priority issues for the community.**

For these reasons, HCAN respectfully requests that the committee vote to pass this bill.



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 1, 2017**

Re: HB 246 Relating to Chapter 245, Hawaii Revised Statutes

Good morning Chairman McKelvey and members of the House Committee on Consumer Protection & Commerce. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii opposes HB 246 Relating to Chapter 245, Hawaii Revised Statutes. By increasing the taxation and fees on these products, small businesses will stand to be hurt as they would have to increase their upfront cost of stocking electronic smoking devices and cigarettes. Many of the businesses that sell electronic cigarettes and e-liquid are small, locally owned shops that will be hit hard by the tax increase. This higher cost of doing business may also force some mom & pop type stores to close, leaving people out of work.

We ask that this committee hold this measure. Again mahalo for this opportunity to testify.

LATE

January 30, 2017

TO: Chair, Angus McKelvey

Vice Chair, Linda Ichiyama

Members of the House Committee on Consumer Protection & Commerce

RE: HB246: Relating to Chapter 245, Hawai'i Revised Statutes – **STRONGLY SUPPORT**

Date: Wednesday, February 1, 2017

Place: Conference Room 329

FROM: Stormy Dodge, Blane Garcia, Ku'ulei Salzer, and Stacy Suda, University of Hawaii Student Health Advisory Council

The University of Hawaii Student Health Advisory Council strongly supports the efforts of the State of Hawai'i Legislative session 2017, to pass HB246 to impose a tax on electronic smoking devices within the definition of "tobacco products" under chapter 245, Hawaii Revised Statutes.

The Student Health Advisory Council has played a pivotal role in the development and implementation of health policies and tobacco education on the UH System campuses. In 2015, the Student Health Advisory Council actively supported the passing of Legislative Act 122, which prohibits the sale of all tobacco products to anyone under the age of 21. We remain deeply committed to the mission of improving the public health environment and reducing the use of tobacco products, including electronic smoking devices, among the adolescent and young adult population.

The adoption of HB246 would impose an excise tax on electronic smoking devices, disposable electronic smoking devices, reusable electronic smoking devices, and e-liquids sold by a wholesaler or dealer. These devices pose a serious public health concern with rates of electronic smoking device use increasing dramatically among adolescents and youth in Hawaii.

Additionally, it is the only tobacco product that is not regulated or taxed. Therefore, HB246 would help to deter youth and young adults from purchasing and using these products by imposing taxes and licensing and permitting regulations on electronic smoking devices. The Student Health Advisory Council strongly urges the Legislature to pass HB246.

Mahalo nui loa, for your efforts to create a healthier place for thousands of students, faculty and staff to learn and work.

Aloha on behalf of the Student Health Advisory Council,

Stormy Dodge, Blane Garcia, and Ku'ulei Salzer, Graduate Chairs
Stacy Suda, Undergraduate Chair

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 2:55 PM
To: CPCtestimony
Cc: surfmaster008@gmail.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/31/2017
Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Higa	Individual	Oppose	No

Comments:

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LATE

CPCtestimony

From: cricketlachica@everyactioncustom.com on behalf of Christopher La Chica
<cricketlachica@everyactioncustom.com>
Sent: Tuesday, January 31, 2017 2:26 PM
To: CPCtestimony
Subject: *****SPAM***** Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,
Christopher La Chica
94 -1410 Lanikuhana Ave
Mililani, HI 96789-2452

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 4:51 PM
To: CPCtestimony
Cc: mypurpleplanet@outlook.com
Subject: *Submitted testimony for HB246 on Feb 1, 2017 14:00PM*

HB246

Submitted on: 1/31/2017

Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Lani Hernandez	Individual	Oppose	No

Comments:

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From: mkyono@everyactioncustom.com on behalf of Mae Kyono
<mkyono@everyactioncustom.com>
Sent: Tuesday, January 31, 2017 10:19 PM
To: CPCtestimony
Subject: Strong Support of HB246, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

To: The Honorable Angus McKelvey, Chair
The Honorable Linda Ichiyama, Vice Chair
Members of the House Committee on Consumer Protection and Commerce

Hrg: February 1, 2017 at 2:00pm at Capitol Room 329

I strongly support HB246 which creates a tax on electronic smoking devices (ESDs) and requires wholesalers and retailers of ESDs to obtain a retail tobacco permit.

ESD or e-cigarette use among youth and young adults has become a national public health concern. E- cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i has decreased through the years, ESD use has rapidly increased, threatening the state's current tobacco prevention efforts. This is particularly concerning because e-cigarettes provide a new way to deliver the drug nicotine. No matter how it is delivered, nicotine exposure can lead to addiction and harm the developing brain. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

The e-cigarette industry uses the same tobacco marketing tactics that appeal to youth such as glamorizing its use and offering popular local e-liquid flavors such as Kona coffee, Maui mango, and pineapple. Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax e-cigarettes the same way as other tobacco products. ESDs are the only tobacco product without a tobacco tax and increasing the price is a proven strategy that discourages access to these products. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require a retail tobacco permit which will allow the state to know who is selling e-cigarettes in Hawai'i and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB246 and ask you to pass this out of committee.

Sincerely,
Mae Kyono
1319 Punahou St
Honolulu, HI 96826-1001