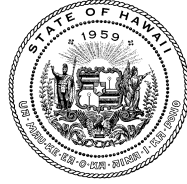


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

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

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. 247, Relating to Chapter 245, Hawaii Revised Statutes

The Department of Taxation (Department) offers the following comments on H.B. 247 for your consideration.

H.B. 247 increases the tax on large cigars from 50% of the wholesale price to 70% of the wholesale price, beginning January 1, 2018.

The Department notes that it can implement this measure as currently drafted. The Department defers to the Department of Health with respect to the effect this measure would have on the health of the State of Hawaii.

Thank you for the opportunity to provide comments.



Testimony in SUPPORT of HB 247, “Relating To Chapter 245, Hawaii Revised Statutes”

The American Heart Association **Supports** HB 247, “Relating To Chapter 245, Hawaii Revised Statutes,” but asks that a portion of the increased tax revenue be allocated for community education, prevention and control efforts related to use of those products.

Cigar use is a significant public health concern. Cigars—just like cigarettes and other tobacco products—are not safe. Cigar smoking exposes users to toxic chemicals; causes cancer of the oral cavity, larynx, esophagus, and lung; and increases risk for heart disease, chronic obstructive pulmonary disease, and aortic aneurysm. Exposure to secondhand cigar smoke also places nonsmokers at risk.

While cigarette smoking has been gradually declining in the United States, cigar smoking has recently increased dramatically. More importantly, cigar smoking is not limited to adults; it is the second most common form of tobacco use among youth. Among high school students, while cigarette smoking declined between 2005 and 2011, cigar use did not change statistically. The most recent data available show that 13.1 percent of high school students currently smoke cigars (17.8% among boys; 8.0% among girls). Cigars also appeal to youth because they, unlike cigarettes, can be purchased individually.

Cigars are Under Taxed & Less Restricted. The federal government and almost all states compound these problems by sharply under-taxing cigars compared to cigarettes, often making smaller cigars a less-expensive alternative to cigarettes. Moreover, many laws and restrictions pertaining to cigarettes – such as federal laws banning flavored cigarettes, blocking illegal Internet sales and restricting cigarette marketing – do not apply to cigars.

In addition, Hawaii data shows that state tax revenue for cigar sales, as well as for cigarette sales, actually rose for the first time in recent years indicating a need to not only stay the course on these taxes, but to begin considering actually raising them to serve as a dissuasion to youths considering experimentation with these lethal products.

Because of these reasons, the AHA strongly supports HB 247 to create parity between the cigar tax and the taxes in Hawaii. The AHA also asks that a portion of the increased tax revenue be allocated toward community education, prevention and control efforts related to use of those products.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald B. Weisman".

Donald B. Weisman
Hawaii Government Relations/Communications Director

*“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.



From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 3:54 PM
To: CPCtestimony
Cc: johnathon.g.myers@gmail.com
Subject: Submitted testimony for HB247 on Feb 1, 2017 14:00PM

HB247

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 G. Myers	Cigar Rights of America, Hawaii	Oppose	No

Comments: VEHEMENTLY OPPOSE Taxes are a fair part of government, but excess tax as a method of curbing behavior is not the correct action of a State Government. That being said cigar enthusiasts and aficionados alike will just resource their cigar purchases where taxation is non-existent or significantly lower, which results in little to no tax revenue to the State. This will turn Supply and Demand for this particular social interest upside down--as a direct result of the demand outsourcing of the supply to other states, the State will be killing small businesses. I have not known the State to be directly responsible for shutting down small businesses, but this is the exact road map--extreme taxation. VEHEMENTLY OPPOSE

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hawaiiCigar

ASSOCIATION

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: Les Drent
for the Hawaii Cigar Association

Re: HB247, Relating to Large Cigar Tax Increase

Dear Representative McKelvey and Members of the House Committee on Consumer Protection & Commerce,

The Hawaii Cigar Association (HCA) stands in strong **OPPOSITION** to HB247.

A tax increase on large cigars from 50% to 70% is unfair, and burdens both the people of Hawaii and the Hawaii Department of Taxation. This tax increase will not slow, or deter legal age adults from acquiring their cigars. Both business, and tax revenue will suffer as consumers seek alternative and more affordable sources for their cigars.

The HCA also contends that large cigars are rarely--if ever--possessed or consumed by minors and therefore pose negligible risk to them. Children are not attracted to cigars, and their cost--between \$5 and \$30 apiece on average--prices them beyond the reach of most minors.

The HCA is committed to protecting the freedom of legal-age adults to enjoy cigars. Pursuant to that aim, HCA is also committed to revising the burdensome Hawaii tax code, which disadvantages local cigar retailers, and the Kauai grown cigar industry by requiring it to pay far more than its fair share in taxes for their artisanal products.

An increase of 20% in the large cigar tax without a 50¢ cap would do more harm than good and we encourage Legislators to fully consider the impact this would have.

Sincerely,



Les Drent
for the Hawaii Cigar Association

For More Information on the Hawaii Cigar Association please visit

hawaiicigarassociation.org



CAP THE CIGAR TAX!

Create Fairness and Equal Opportunity for Hawaii Businesses

Tax Caps in other US States with high % Cigar Taxes

Arkansas
(68% mfr. price, 50¢ cap)

Connecticut
(50% wholesale, 50¢ cap)

Florida
(no tax on cigars)

Iowa
(50% wholesale, 50¢ cap)

Michigan
(32% wholesale, 50¢ cap)

New Hampshire
(No tax on premium cigars)

Oregon
(65% wholesale price, 50¢ cap)

Pennsylvania
(no tax on cigars)

Rhode Island
(80% wholesale price, 50¢ cap)

Wisconsin
(71% mfr. price, 50¢ cap)

Washington
(95% taxable sales price, 75¢ cap)

US Government
(52.75% mfr. price 40.26¢ cap)

hawaiicigarassociation.org



Date: January 30, 2017

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

From: Jessica Yamauchi, Executive Director, Hawai'i Public Health Institute

Re: **Strong Support for HB 247, 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 HB 247 which would raise the tax on large cigars to 70 percent of the wholesale price for each cigar (the same as other tobacco products).

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.

Cigar smoking harms health. According to the National Cancer Institute and the U.S. Surgeon General, cigar smoking causes oral cavity cancers (cancers of the lip, tongue, mouth and throat) and cancers of the larynx, esophagus and lung, heart disease and chronic obstructive pulmonary disease (COPD). Cigar smoke contains the same toxins as cigarette smoke, and many new cigar products are more easily smoked and inhaled just like cigarettes.

Large cigar sales have INCREASED while State health costs continue to RISE. Between Fiscal Year 2015 and 2016, cigar sales in Hawai'i increased by 3.9%ⁱ. Tobacco use remains the leading cause of preventable death and disease in Hawai'i, claiming 1,400 lives each year and costing the State \$526 million in healthcare costs directly attributed to smokingⁱⁱ. Cigars today are no longer just smoked by older men. Instead, the cigar market consists of products that vary widely in sizes, shapes, flavors and

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96813



prices, making them appealing to a broader audience, including kids. Lowering the tax will make it even more appealing for teens to start smoking.

The public supports taxing large cigars. An independent poll conducted by Ward Research Inc. for the Coalition in November 2016 finds that 77% or nearly 8 out of 10 registered Hawai'i voters support taxing other tobacco products such as smokeless tobacco and cigars at the same rate as cigarettes as part of efforts to reduce tobacco useⁱⁱⁱ. Currently, large cigars are taxed at 20% less than other tobacco products.

Cigars appeal to kids. High school students and young adults smoke cigars at twice the rates of all adults. Young people model adult behaviors and more kids are learning to smoke cigars. According to the national 2011 Youth Risk Behavior Survey^{iv}, young adults (ages 18-24) have the highest cigar smoking rate at 15.9 percent compared to 6.6 percent of all adults that smoked cigars in the past month. In addition, cigars are less regulated than cigarettes and are able to use kid-friendly flavors that attract youth to their product.

HB 247 taxes large cigars at the same rate as other tobacco products. The Coalition strongly supports this measure and respectfully ask the members to pass this bill.

Mahalo,

A handwritten signature in black ink that reads 'Jessica Yamauchi'.

Jessica Yamauchi
Executive Director

ⁱ State of Hawai'i, Department of Taxation. "Tobacco Tax Collections and Licenses – Year Ending June 30, 2016."

<http://files.hawaii.gov/tax/stats/monthly/2016fy7.pdf>

ⁱⁱ Campaign for Tobacco-Free Kids. "The Toll of Tobacco in Hawai'i," 25 Sept 2015.

http://www.tobaccofreekids.org/facts_issues/toll_us/hawaii

ⁱⁱⁱ This study by War Research, Inc. summarizes findings from a phone survey among n=806 Hawaii registered voters, conducted between October 17 and November 8, 2015.

^{iv} Campaign for Tobacco-Free Kids. "Not Your Grandfather's Cigar," 13 Mar 2013.

https://www.tobaccofreekids.org/content/what_we_do/industry_watch/cigar_report/2013CigarReport_Full.pdf



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: Les Drent
for the Kauai Cigar Company

Re: HB247, Relating to Large Cigar Tax Increase

Dear Representative McKelvey and Members of the House Committee on Consumer Protection & Commerce,

The Kauai Cigar Company, its employees, and industry partners stand in strong **OPPOSITION** to HB247.

This bill, if passed, would further damage our small locally owned farming business. For years, our company has been paying much more than its fair share of taxes as a result of an extremely high cost of production here in the Islands.

The current 50% tax on large cigars without any tax cap already places the Kauai Cigar Company at a severe competitive disadvantage. A 20% jump to 70% would be devastating and threaten the existence of our business.

The large premium cigars that Kauai Cigar Company makes are not purchased, or consumed by youth. They are products that are enjoyed by legal age adults who deserve to have their freedoms protected.

We strongly urge legislators to place a tax cap of 50¢ on large cigars before considering any tax increase. This cap would create parity and fairness in the law for everyone.

Sincerely,

Les Drent
Farmer/President

TO: Chair Angus McKelvey and Members of the Senate Committee on Consumer Protection & Commerce

FROM: Mokule'ia Cigar Company

RE: HB 247, Increase Tax on Large Cigars from 50% to 70%; Tax
Hearing Date: February 2, 2017
Time: 2:00 PM

My name is Kalani Matsuura and I am the owner of Mokule'ia Cigar Company. I recently started retailing large premium cigars in June of 2014.

I oppose HB 246 which creates an increase in the tobacco tax from 50% to 70%. Due to already high tax, shipping and excise tax imposed on local cigar retailers it would impact the consumers by increasing the price to the cigars. Thus decreasing sales to the local retailers and forcing consumers to purchase their cigars online to save money. Purchasing cigars online gains no revenue for the state. The cigar tax increase would negatively impact the cigar retailers to either take less profit or increase the price to their cigars. As a small business this would hinder my sales and force my company to increase the prices to the cigars I sell. Any increase in tobacco tax would likely mean I would close my business as it would not be profitable to sell cigars in Hawaii.

Mahalo for considering this testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Raise tax rate on large cigars

BILL NUMBER: HB 247

INTRODUCED BY: BELATTI, TAKAYAMA, TAKUMI

EXECUTIVE SUMMARY: Increases the tax on large cigars to 70% of its wholesale price on and after January 1, 2018.

BRIEF SUMMARY: Amends HRS section 245-3 to provide that large cigars shall be taxed at 70% of its wholesale price on and after January 1, 2018.

EFFECTIVE DATE: July 1, 2017.

STAFF COMMENTS: Currently tobacco products, other than cigarettes and large cigars, are taxed at 70% of the wholesale price of the product. Under the bill, beginning on 1/1/18 large cigars, would also be taxed at 70% of the wholesale value.

The tobacco tax is designed to deter consumption by making tobacco products more expensive. If this works, the revenue generated will be less, not more. Next, Hawaii's tax rates on these products are already among the highest in the nation. Not only would another rate increase reaffirm the perception that Hawaii is a tax hell, but it would probably affect patterns of consumption of taxed product. Such a hike also will probably drive consumers to find other sources for these products that would not incur the tax. Mail order and Internet sales are sources of product that could escape taxation as well as black market purchases made from the military reservations in Hawaii. So instead of seeing growing collections from higher tax rates, lawmakers may just find that collections will drop due to its effect to discourage consumption and send consumers to other markets. As noted above, the higher one pushes the cost of these products, the greater the possibility of actually seeing a decline in consumption as consumers moderate consumption or shift it in ways that would avoid the tax.

Digested 1/27/2017

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 26, 2017 2:46 PM
To: CPCtestimony
Cc: pk.hitest@spamgourmet.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 3:50 PM
To: CPCtestimony
Cc: myers_florida@rocketmail.com
Subject: Submitted testimony for HB247 on Feb 1, 2017 14:00PM

HB247

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: VEHEMENTLY OPPOSE Taxes are a fair part of government, but excess tax as a method of curbing behavior is not the correct action of a State Government. That being said cigar enthusiasts and aficionados alike will just resource their cigar purchases where taxation is non-existent or significantly lower, which results in little to no tax revenue to the State. This will turn Supply and Demand for this particular social interest upside down--as a direct result of the demand outsourcing of the supply to other states, the State will be killing small businesses. I have not known the State to be directly responsible for shutting down small businesses, but this is the exact road map--extreme taxation. VEHEMENTLY OPPOSE

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 4:13 PM
To: CPCtestimony
Cc: thasugarbear@hotmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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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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: Les Drent
for the Kauai Cigar Company

Re: HB247, Relating to Large Cigar Tax Increase

Dear Representative McKelvey and Members of the House Committee on Consumer Protection & Commerce,

The Kauai Cigar Company, its employees, and industry partners stand in strong **OPPOSITION** to HB247.

This bill, if passed, would further damage our small locally owned farming business. For years, our company has been paying much more than its fair share of taxes as a result of an extremely high cost of production here in the Islands.

The current 50% tax on large cigars without any tax cap already places the Kauai Cigar Company at a severe competitive disadvantage. A 20% jump to 70% would be devastating and threaten the existence of our business.

The large premium cigars that Kauai Cigar Company makes are not purchased, or consumed by youth. They are products that are enjoyed by legal age adults who deserve to have their freedoms protected.

We strongly urge legislators to place a tax cap of 50¢ on large cigars before considering any tax increase. This cap would create parity and fairness in the law for everyone.

Sincerely,

Les Drent
Farmer/President

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 29, 2017 2:03 PM
To: CPCtestimony
Cc: pipelinemax@outlook.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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 10:56 AM
To: CPCtestimony
Cc: kealii2002@yahoo.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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:

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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 HB247 on Feb 1, 2017 14:00PM*

HB247

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 HB247 on Feb 1, 2017 14:00PM*

HB247

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 5:18 PM
To: CPCtestimony
Cc: rkkumalaa@yahoo.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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:

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 12:27 PM
To: CPCtestimony
Cc: makule@maui.net
Subject: Submitted testimony for HB247 on Feb 1, 2017 14:00PM

HB247

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: I oppose increasing the percent-based tax. Taxes based on a specific amount per item are simpler and fairer.

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From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 8:34 AM
To: CPCtestimony
Cc: jason.park1@aol.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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 10:37 PM
To: CPCtestimony
Cc: noelaraki@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 10:01 PM
To: CPCtestimony
Cc: cigarguynhi@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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 HB247 on Feb 1, 2017 14:00PM*

HB247

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 7:44 PM
To: CPCtestimony
Cc: cee3po@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 6:37 PM
To: CPCtestimony
Cc: protechoahu@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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 5:11 PM
To: CPCtestimony
Cc: cabatbat@aol.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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 4:19 PM
To: CPCtestimony
Cc: keane.tanaka@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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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To: CPCtestimony
Cc: tai1983@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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
Tai Erum	Individual	Oppose	No

Comments:

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To: CPCtestimony
Cc: jjw333333@gmail.com
Subject: *Submitted testimony for HB247 on Feb 1, 2017 14:00PM*

HB247

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

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To: CPCtestimony
Cc: hhwlee@hotmail.com
Subject: Submitted testimony for HB247 on Feb 1, 2017 14:00PM

HB247

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 247 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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To: CPCtestimony
Cc: darlene.ben73@gmail.com
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HB247

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:

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HB247

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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HB247

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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HB247

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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Cc: devin@pcgamerzhawaii.com
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HB247

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
Devin Wolery	Individual	Oppose	Yes

Comments:

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Cc: lanson@2020autodetailing.com
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HB247

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: By raising the tax you are creating a higher MSRP price on the shelf for cigars. Causing customers to buy it elsewhere like online. You won't make more money, you WILL LOSE MORE MONEY. STOP INCREASING TAXES. Oppose!

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HB247

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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Cc: b.leong@thehavanaclub.com
Subject: Submitted testimony for HB247 on Feb 1, 2017 14:00PM

HB247

Submitted on: 1/30/2017

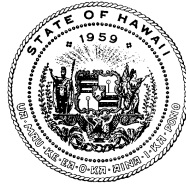
Testimony for CPC on Feb 1, 2017 14:00PM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard Leong	Individual	Oppose	No

Comments: I strongly oppose to raising the tobacco tax on large cigars from 50 percent to 75 percent. In March 2000, Steve Forbes called Hawaii the "The People's Republic of Hawaii," and said Hawaii should stop worrying about its image and "just fix its problems." Raising the tobacco tax to 75 percent on large cigars will not help small tobacconists like myself; however, will crush us. Hawaii already loses sales to outside states such as Pennsylvania and Arizona who have lower taxes on large cigars. Raising the tobacco tax on large cigars would place Hawaii on par with Alaska. Combine the rise in tax combined with shipping and the General Excise tax will only help in crippling our small businesses. I hope that you will consider this. Thank you.

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



**Testimony in SUPPORT of HB0247
RELATING TO CHAPTER 245, HAWAII REVISED STATUTES**

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

1 **Fiscal Implications:** None.

2 **Department Testimony:** The Department of Health (DOH) supports House Bill No. HB0247
3 which proposes to amend §245-3, HRS to increase the excise tax rate on sales of large cigars
4 from fifty percent of wholesale value to seventy percent of the wholesale price of each large
5 cigar after January 1, 2018.

6 Research by the Centers for Disease Control and Prevention has shown that increasing
7 the unit price of all tobacco products is an effective strategy for curbing adult and youth
8 smoking. Conversely, lowering the price of tobacco products may increase smoking rates and
9 discourage individuals from quitting. By increasing the excise tax on large cigars from fifty to
10 seventy percent of the wholesale price, large cigars will be taxed at the same rate as other
11 tobacco products, including small cigars.

12 The U.S. Surgeon General has declared that cigar smoke contains the same toxic
13 substances as cigarette smoke, with varying concentrations of these ingredients found in different
14 types and sizes of cigars.¹ The Federal Food and Drug Administration (FDA) states “all cigars
15 are harmful and potentially addictive (including small cigars, cigarillos, large cigars, and
16 premium cigars). Cigar smoking is strongly related to certain cancers (including oral,
17 esophageal, laryngeal, and lung cancers), heart disease, and premature death. Cigar smoking can

¹ U.S. Department of Health and Human Services. The Health Consequences of Smoking-50 Years of Progress. A Report of the Surgeon General. Atlanta GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014, p.428

1 cause cancers of the mouth and throat, even for smokers who do not inhale.”² A large cigar may
2 contain as much tobacco as a whole pack of cigarettes.³

3 Low cigar prices increase the number of youth who try cigars and become addicted, and
4 also reduce the number of adult smokers who quit. A study presented at the Society for Research
5 on Nicotine and Tobacco provided preliminary evidence that premium cigar use is increasingly
6 being reported by young adults (18-29 years), and that such use is not restricted to older adults.⁴
7 Until recently, cigars had fewer federal regulations than cigarettes and other tobacco products.
8 This, as well as their lower taxes has resulted in increased popularity. While cigarette smoking is
9 declining across the nation, total consumption of all cigars increased dramatically between 2000
10 and 2015. Cigar consumption increased by 100% while cigarette consumption declined by 40%.²
11 In Hawaii, current adult cigar use tripled from 3.2% in 2006 to 10.8% in 2010.

12 There are no safe tobacco products, and there is no safe level of exposure to tobacco
13 smoke. Smoking and tobacco use are the leading cause of preventable death and disease in
14 Hawaii, claiming 1,400 lives each year, and exacting an excess of \$526 million in annual
15 medical costs directly attributable to smoking, according to the CDC 2014 report “Best Practices
16 for Comprehensive Tobacco Control Programs.”

17 Thank you for this opportunity to testify.

18

19

² National Cancer Institute (NCI), Cigars: Health Effects and Trends, Smoking and Tobacco Control Monograph 9, 1998,
<http://cancercontrol.cancer.gov/tcrb/monographs/9/index.html>

³ Baker, F., S. Ainsworth, J.T. Dye, et al., “Health Risks Associated with Cigar Smoking,” Journal of the American Medical
Association, 284(6):735-740, 2000.

⁴ Coleman B.N., C.G. Corey, C.D. Delnevo, et al. “Use of Flavored Cigars, Cigarillos, and Little Filtered Cigars: Findings from the
2012-13 National Adult Tobacco Survey,” presented at the Conference for the Society for Research on Nicotine and Tobacco
(2014).



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

House Committee on Consumer Protection and Commerce
Representative Angus McKelvey, Chair
Representative Linda Ichiyama, Vice Chair

LATE

HB 247 – RELATING TO CHAPTER 245, HAWAII REVISED STATUTES

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

Thank you for the opportunity to provide testimony in *support* of HB 247, which increases the excise tax rate on large cigars from 50% to 70% of the wholesale price.

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.

Cigars are not a safer alternative to cigarettes. Cigars contain the same cancer-causing substances as cigarettes and other tobacco products. Use of tobacco in any form may induce nicotine dependence and harm health. Cigar smoking increases the risk of cancers of the lung, mouth, larynx, esophagus, and likely pancreas and bladder (if inhale). Cigar smokers are four to ten times more likely to die from laryngeal, oral, or esophageal cancers than nonsmokers. Because cigars contain more tobacco than cigarettes, and because they often burn for much longer, they give off greater amounts of secondhand smoke. Even cigar smokers who don't inhale are still breathing in large amounts of smoke that come from the lit end of the cigar.

Cigars are taxed differently than cigarettes, and often at lower rates. Currently cigars are the lowest taxed traditional tobacco products in the state. This measure would create more parity between cigars and other tobacco products.

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

LATE

January 31, 2017

TO: Chair Angus L.K. McKelvey and Members of the House Committee of
Consumer Protection & Commerce

FROM: Cigar Association of America, Inc.
(William Goo)

RE: **HB 247** - Relating to Chapter 245, Hawaii Revised Statutes
Hearing Date: February 1, 2017
Time: 2:00 pm

My name is William Goo. I represent the Cigar Association of America, Inc. (CAA).

CAA **opposes** HB 247 which seeks to increase the tax on the sale of large cigars from 50% to 70% of the wholesale price of the product. The intent of this measure is to tax large cigars at a similar rate as the tax on other tobacco products. Large cigars are not used in the same manner as the tobacco products like smokeless tobacco. Large cigars are also not an attraction nor are they preferred by youths and young adults. To tax large cigars at a rate that is higher than the current rate which is already among the highest nationally would severely impact a small niche market enjoyed by consumers who have responsibly chosen to use it.

Thank you for considering this testimony.



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

LATE

January 31, 2017

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 247 – 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 the HB 247 – Relating to Chapter 245, Hawaii Revised Statutes.

This bill would strengthen Hawaii's position in protecting the health of our community by raising the tax rate on cigars. Cigars vary widely in sizes, flavor, and packaging that make them appealing and appear less harmful to broader audiences including kids. Cigar smoking causes cancer, heart disease and chronic obstructive pulmonary disease (COPD). Large cigars can contain more nicotine, tar, and carbon monoxide than cigarettes.

Increasing taxes on any tobacco product sends the right public health message and has been linked to decreasing smoking rates. Large cigars are already taxed at lower rates than other tobacco products. By increasing the tax on large cigars this will make these products less affordable to price-sensitive youth and does not present cigars as a less expensive alternative to those smoking cigarettes. Further, raising the tax will make it even less appealing for teens to start smoking.

Hawai'i ranks among the highest in the nation on passing smoke-free and tobacco control laws protecting our residents and children. Hawai'i has been leading the way in tobacco control, and this bill is a step forward for our state.

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>.

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

LATE

January 30, 2017

TO: Chair, Angus McKelvey
Vice Chair, Linda Ichiyama
Members of the House Committee on Consumer Protection & Commerce

RE: HB247: 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 HB247 to increase the excise tax imposed on large cigars 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 HB247 would increase the excise tax imposed on large cigars from fifty to seventy per cent of the wholesale price of any large cigar sold by a wholesaler or dealer. Cigars are often sold individually or in small packages making them more affordable to youth and young adults as opposed to a pack of cigarettes. Additionally, fruit flavored cigars further entices youth and young adults to purchase these products. However, by increasing the tax imposed on cigars, HB247 would help to discourage youth and young adults from purchasing and utilizing these products and reduce the increasing cigar smoking rate among youth in Hawaii. HB247 assists in our efforts to reduce Hawaii's youth from becoming lifelong tobacco users. Therefore, the Student Health Advisory Council strongly urges the Legislature to pass HB247.

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,

2600 Campus Rd #313D
Honolulu, HI 96822
Telephone: (808) 956-3574/956-3453
An Equal Opportunity/Affirmative Action Institution

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

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HB247

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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Cc: kegdamin@twc.com
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HB247

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
Kristian Egdamin	Individual	Oppose	No

Comments: Increasing the tax for local businesses already paying a high tax and license is going to be detrimental to local commerce. These consumers aren't going to keep paying high prices for local tobacco products and will seek to take their purchases online, keeping money out of the State. Thank you for your time and attention on this taxation matter.

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