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To: The Honorable Roy M. Takumi, Chair
and Members of the House Committee on Consumer Protection & Commerce

Date: Tuesday, February 13, 2018
Time: 2:00 P.M.
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 2492, H.D. 1, Relating to Chapter 245, Hawaii Revised Statutes

The Department of Taxation (Department) offers the following comments on H.B. 2492, H.D. 1, for the Committee's consideration.

H.B. 2492, H.D. 1, makes unlawful the transport of tobacco products ordered through remote sale to any address other than that of a tobacco wholesaler or dealer. H.B. 2492, H.D. 1, also expands the tax on tobacco products to include e-liquid used in electronic smoking devices. Under this bill, wholesalers and dealers of e-liquid would be subject to a tax of 70% of the wholesale price of the e-liquid, and wholesalers, dealers and retailers of e-liquid would be required to secure licenses and retail permits annually. H.B. 2492, H.D. 1, also increases the annual fee for a tobacco license from \$2.50 per year to \$250 per year, and the annual fee for a tobacco retail permit from \$20 per location to \$50 per location. The bill has a defective effective date of July 1, 3000, but applies to taxable years beginning after December 31, 2018.

The Department is able to administer the changes in this measure, and appreciates that it applies to taxable years beginning after December 31, 2018, as this allows the Department to make the necessary form and computer system changes.

Thank you for the opportunity to provide comments.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

H.B. NO. 2492, H.D. 1, RELATING TO CHAPTER 245, HAWAII REVISED STATUTES.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

DATE: Tuesday, February 13, 2018 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Russell A. Suzuki, First Deputy Attorney General, or
Janine R. Udui, Deputy Attorney General

Chair Takumi and Members of the Committee:

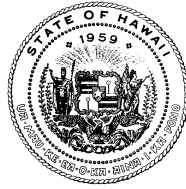
The Department of the Attorney General (Department) appreciates the intent of this bill and submits the following proposed amendments.

The purpose of this bill is to prohibit the shipment of tobacco products to anyone other than a licensee, amend the definition of "tobacco products" to include "e-liquid," increase fees for licenses, and increase fees for retail tobacco permits.

To promote consistency with section 245-16(b)(2), Hawaii Revised Statutes, which excludes the application of the section if state taxes are paid on cigarettes, adding identical wording should be considered with respect to the shipment of tobacco products. Accordingly, in section 2, on page 6, subsection (b), lines 11 through 13, could be amended to read as follows:

(b) This section shall not apply to the shipment of tobacco products that are exempt from taxes as provided by section 245-3(b)[-], or if all applicable Hawaii taxes on the tobacco products are paid in accordance with the requirements of this section.

Thank you for the opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
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**Testimony in SUPPORT of H.B. 2492, HD 1
RELATING TO CHAPTER 245, HAWAII REVISED STATUTES**

REPRESENTATIVE ROY M. TAKUMI, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Hearing Date: February 13, 2018

Room Number: Conference Room 329

1 **Fiscal Implications:** The Department of Health (DOH) defers to the Department of Taxation for
2 fiscal implications of implementation and to the Office of the Attorney General for fiscal
3 implications for enforcement.

4 **Department Testimony:** The DOH supports House Bill 2492, House Draft 1 (H.B. 2492 HD1)
5 as a measure to protect the public's health. The bill restricts shipping tobacco products to only
6 licensed wholesalers or dealers. It provides for the inclusion of e-liquid (which includes
7 nicotine) in the definition of tobacco products, the imposition of an excise tax, the requirement
8 for licensing and permitting fees, and an increase in licensing and permitting fees. The DOH
9 defers to the Department of Taxation (DOTAX) for implementation, and to the Department of
10 the Attorney General regarding the enforcement of the shipping regulations.

11 Despite tremendous progress in reducing smoking, tobacco use is still the leading cause
12 of preventable illness and death in the United States and in Hawaii.¹ It is crucial that the
13 progress made in reducing cigarette smoking among youth and young adults not be
14 compromised by the initiation of e-cigarettes. In 2017, 8.1% of high students were regular
15 cigarette users, but when it came to e-cigarettes, an alarming 25% were regular users, and 42%

¹ Centers for Disease Control and Prevention. *Best Practices for Comprehensive Tobacco Control Programs, 2014*.
Atlanta: 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

1 had tried them.² Several studies have shown that youth who use e-cigarettes are more likely to
2 use regular cigarettes.^{3,4,5}

3 In 2016, the U.S. Food and Drug Administration (FDA) issued a final rule to deem
4 products meeting the statutory definition of "tobacco product," except accessories of the newly
5 deemed tobacco products, to be subject to the Federal Food, Drug, and Cosmetic Act (the
6 FD&C Act), as amended by the Family Smoking Prevention and Tobacco Control Act (Tobacco
7 Control Act). In the section on definitions, the FDA describes the components and parts of
8 ESDs. The US FDA regulates the manufacture, import, packaging, labeling, advertising,
9 promotion, sale, and distribution of ESDs, however, the implementation of these rules are now
10 delayed. In the meantime, states may adopt laws regulating these products.

11 The DOH supports the restriction of shipping tobacco products to anyone other than a
12 licensed wholesaler/dealer, that is engaged in the business of selling tobacco products and is on
13 the DOTAX authorized list. This will strengthen protections for youth and young adults.
14 Research has shown that youth can easily circumvent the online age verification process to
15 purchase and have ESDs shipped to them.⁶

16 The imposition of an excise tax on e-liquids will be consistent with the tax on other
17 tobacco products. The relatively low cost of e-liquids makes these products appealing to youth

² Hawaii School Health Survey/ Youth Risk Behavior Survey (2017)

³ Watkins SL, Glantz, SA. Association of Noncigarette Tobacco Products Use with Future Cigarette Smoking Among Youth in the Population Assessment of Tobacco and Health (PATH) Study, 2013-2015. *JAMA Pediatr.* Published online January 2, 2018.

⁴ Barrington-Trimis, JL, Urman, R, Berhane, K, Unger, JB, Cruz, TB, Pentz, MA, Samet, JM, Leventhal, AM, McConnell, R. E-Cigarettes and Future Cigarette Use. *Pediatrics.*2016-0379.

⁵ Wills, TA, Knight, R, Williams, RJ, Pagano, I, Sargent JD. Risk Factors for Exclusive E-Cigarette Use and Dual E-Cigarette Use and Tobacco Use in Adolescents. *Pediatrics.* 2014-0760.

⁶ Williams RS, Derrick J, Ribisl KM. Electronic Cigarette Sales to Minors via the Internet. *JAMA Pediatr.*2015;169(3):e1563

1 and young adults, who tend to be particularly price sensitive.⁷ The pricing, marketing, and wide
2 variety of youth-friendly flavors are contributing to the increased use of ESDs.⁸

3 The DOH supports the proposed amendment in the measure to require wholesalers and
4 retailers of e-liquids to obtain the applicable license or permit. Currently, all that is required of
5 these vendors is a General Excise License. A statewide survey conducted by the University of
6 Hawaii Cancer Center identified more than 100 e-cigarette establishments (vape shops) as
7 separate from tobacco retail outlets. However, this cannot be considered an accurate assessment,
8 since no specific database exists from the DOTAX regarding the number of vendors. Licensure
9 and retail permitting would bring e-liquid vendors in alignment with the traditional tobacco
10 retailers, and would provide accurate data for compliance surveillance and working with the
11 vendors to educate and enforce current tobacco laws.

12 The proposed increases in licensure and permitting fees are long overdue. They have
13 remained unchanged since 1995, despite high tobacco taxes and ever-increasing tobacco industry
14 expenditures in marketing and advertising. Tobacco licensing is an effective tool for limiting the
15 negative public health consequences of tobacco use by ensuring that wholesalers and retailers
16 comply with responsible sales practices. The proposed licensing would apply to those who sell
17 e-liquids.

18 The DOH supports H.B. 2492, HD1 as a multifaceted public health measure to help
19 prevent access to e-liquid and e-cigarettes among youth and young adults and to encourage users
20 to quit.

21 **Offered Amendments:** None

22 Thank you for the opportunity to testify.

⁷ Department of Health & Human Services, *Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General 522-29* (2012), <http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>

⁸ *ibid*

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Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawai'i 96766

February 9, 2018

**TESTIMONY OF JOANN A. YUKIMURA
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON**

HB 2492, HD1, RELATING TO CHAPTER 245, HAWAII REVISED STATUTES

House Committee on Consumer Protection & Commerce

Tuesday, February 13, 2018

2:00 p.m.

Conference Room 329

Dear Chair Takumi and Members of the Committee:

Thank you for this opportunity to provide testimony in support of HB 2492, HD1, Relating to Chapter 245, Hawai'i Revised Statutes. My testimony is submitted in my individual capacity as a Member of the Kaua'i County Council.

HB 2492, HD1, would regulate e-liquids and electronic smoking devices (ESDs) as tobacco products through taxation, shipment, and licensing and permitting. E-cigarette use or vaping among youth and young adults has become a national public health concern. E-cigarettes is now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. HB 2492, HD1, would require the permitting and licensing for the sale of e-cigarettes. Currently, this industry is unregulated and enables the sale of ESDs in places that are traditionally high traffic for youth and prominent, visible places. ESDs are the only tobacco product without a tobacco tax; increasing the price of ESDs 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. Through regulation there can be a targeted effort to provide education to retailers towards decreasing illegal access and sales of tobacco products.

For the reasons stated above, I urge the House Committee on Consumer Protection & Commerce to support this measure. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

JOANN A. YUKIMURA
Councilmember, Kaua'i County Council

AMK:mn



American Heart Association testimony in SUPPORT of HB 2492, HD1 Relating to Chapter 245, Hawaii Revised Statutes with suggested amendment

The American Heart Association **supports** HB 2492, HD1 which makes unlawful shipment of tobacco products to anyone other than a licensee, includes e-liquid within the definition of “tobacco products,” as used in the cigarette tax and tobacco tax law, and increases the license fee for wholesalers or dealers and the retail tobacco permit fee. However, the AHA requests that lines 9 and 10 on page 7 be amended to read “E-liquid means and liquid or like substance that is designed or intended to be used...”. Nicotine is not the only harmful part of vaporized e-liquid. A growing body of research indicates that the small particulate matter released when e-liquid is aerosolized and inhaled reacts with the body’s cardiovascular and respiratory systems much the way that traditional cigarette smoke does, causing at least as much risk of developing cardiovascular and lung diseases. So, all e-liquid should be included in this bill as a way to discourage use and help to control Hawaii healthcare costs. The AHA also recommends that a significant portion of the increased revenue from the addition of e-liquid to the state’s tobacco tax be earmarked to support State-funded tobacco prevention, education and cessation programs.

While Federal law already prohibits the delivery and shipment of cigarettes, adding a state restriction on the direct delivery and shipment of electronic smoking devices to consumers would help to close the online sales loophole of those products and help to protect Hawaii’s youth from unscrupulous marketers of those products.

Internet sales of tobacco products and e-cigarettes are a significant public health concern because they evade state taxes and significantly undermine tobacco control efforts. In Hawaii, it is currently illegal to sell tobacco products, including e-cigarettes, to those under the age of 21. Hawaii’s age to 21 law plays a critical role in preventing youth initiation and addiction to tobacco products, yet internet sellers can circumvent this restriction by providing easy access to these products.

E-cigarettes are now the most popularly used tobacco product among Hawaii’s youth. According to recent Department of Health data, almost half of Hawaii’s youths have tried e-cigarettes, and 25 percent are now regular users. Those levels mirror youth cigarette use at its peak in Hawaii. This is concerning because, as previously stated, recent studies indicate that e-cigarettes, whether or not they contain nicotine, produce the same cardiovascular and respiratory risks as traditional cigarettes.

By adding e-liquid within the definition of the state’s “tobacco products” it would apply the tobacco tax to those products. This would have the greatest impact on reducing

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smoking rates among the lower income and youth markets, which are more price sensitive, and which are the most highly targeted by tobacco industry marketing and advertising. Those groups also suffer the most from tobacco product use and will, consequently, benefit the most from any effective new measures to reduce tobacco use. Their health problems caused by tobacco use also disproportionately affect Medicaid costs to the state.

In Hawaii alone, tobacco use claims 1,400 lives each year and creates \$526 million in annual health care costs (\$141.7 million of that is covered by the state Medicaid program). Hawaii residents' state & federal tax burden from tobacco-caused government expenditures is \$836 per household. Hawaii's estimated tobacco tax and license revenue, estimated to be almost \$138.8 million does not come close to offsetting the losses to the state caused by tobacco use. Smoking declines caused by state taxes directly reduce these smoking-caused economic burdens for all taxpayers, and Hawaii businesses which bear the brunt of employee healthcare costs in our state.

The tobacco industry spends an estimated \$25.5 million each year marketing its products in Hawaii. Hawaii's \$5.3 million investment in tobacco prevention, control and cessation programs pale in comparison, and fall well short of the Centers for Disease Control's (CDC) best practice recommendation of a \$13.7 million annual investment. Allocating revenue generated from taxing e-liquid to community prevention, education and cessation programs would help to increase the desired impact of this legislation by further reducing the use of electronic smoking devices by our youth and most health vulnerable populations. The American Heart Association urges you to correct the loophole in our state's age restriction, taxation, and public health laws. It is imperative to continue to curtail tobacco use in any form, especially among our youth, if we are to control our state's healthcare costs and keep its Pre-Paid Healthcare law sustainable.

Please support HB2492, HD1 with the AHA's recommended amendments.

Respectfully submitted,

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

Donald B. Weisman
Hawaii Government Relations/Communications Director

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TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Prohibits shipment of tobacco products, adds electronic smoking devices

BILL NUMBER: HB 2492 HD 1

INTRODUCED BY: House Committee on Health & Human Services

EXECUTIVE SUMMARY: Makes unlawful shipment of tobacco products to anyone other than a licensee. Includes e-liquid within the definition of "tobacco products", as used in the cigarette tax and tobacco tax law, thereby making all provisions of the cigarette tax and tobacco tax law that relate to tobacco products applicable to e-liquid as well. Increases the license fee for wholesalers or dealers and the retail tobacco permit fee.

SYNOPSIS: Adds a new section to chapter 245, Hawaii Revised Statutes, to prohibit certain transport of tobacco products other than to a tobacco licensee, unless either (1) the tobacco products are exempt from tax, or (2) the packaging includes a notice to the effect that the State bans the sale of tobacco products to individuals under 21, and that the recipient is legally responsible for all applicable unpaid taxes on the shipped products. Unlawful shipment of tobacco products is a misdemeanor. Provides that any person or entity that purchases, uses, controls, or possesses any tobacco products for which the applicable tax has not been paid, shall be liable for the taxes, plus penalties and interest as provided for by law.

Adds a new definition to HRS section 245-1 of "e-liquid."

Amends the definition of "tobacco products" in HRS section 245 to include e-liquid.

Amends section 245-2, HRS, to raise the annual tobacco license fee from \$2.50 to \$250.00.

Amends section 245-2.5, HRS, to raise the annual retail tobacco permit fee from \$20 to \$50.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The question that should be asked is the purpose of the tobacco tax. If the goal is to make people stop smoking by making it cost-prohibitive to smoke, then (a) it's working, as hikes in the cigarette tax have begun to exert downward pressure on collections not only locally but also nationally, but (b) it shouldn't be expected to raise revenue, because of (a). If the goal is really to stop the behavior, why are we not banning it?

Digested 2/10/2018



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February 12, 2018

To: The Honorable Representative Roy M. Takumi, Chair
The Honorable Representative Linda Ichiyama, Vice Chair
Members, House Committee on Consumer Protection & Commerce

From: Cory Smith, VOLCANO Fine Electronic Cigarettes®
CEO and Owner

RE: HB 2492 HD1 – oppose.

Thank you for the opportunity to submit testimony.

VOLCANO Fine Electronic Cigarettes® is the largest retailer & wholesaler of vapor products and vaping accessories in the State of Hawaii. We currently own and operate 13 locations statewide and employ over 80 full-time workers to support sales of our products not only here in Hawaii, but to all 50 states as well as over 30 International countries. We stand in opposition to HB 2492 HD1 for the following:

- Vapor products and e-liquids contain NO tobacco, often times contain NO nicotine, and ultimately emit NO smoke when vaporized; yet **HB 2492 HD1 deceptively refers to vapor products as “Electronic Smoking Devices”** to mislead the public and creates a false perception of the nature of these products. This misclassification establishes the idea that vapor products are the same as tobacco products and thus, should be viewed, controlled, and perceived the same way as traditional tobacco products. This is a complete disregard of the fact that vapor products are fundamentally different from tobacco products in every way.
- **HB 2492 HD1 states in its justification that the bill and its regulations are needed to curb youth usage.** It states “The Surgeon General's report noted that e-cigarette use has increased considerably in recent years, growing an astounding nine hundred percent among high school students from 2011 to 2015”. **However, it fails to mention the most recent CDC report that shows youth use of tobacco products are at the lowest levels ever. Also, youth use of vapor products have been declining since 2016, and recent studies have shown that the majority of youth who have reported using e-cigarettes are not using e-liquids that contain nicotine** - further suggesting that youth who do use e-cigarettes are doing so to replace the use of traditional tobacco cigarettes.
 - <https://www.cdc.gov/media/releases/2017/p0615-youth-tobacco.html>
 - <https://www.psc.isr.umich.edu/events/archive/feature-detail/1833>
- The most Recent CDC report has shown e-cigarettes have supplanted all other traditional nicotine replacement therapies and are now the most commonly used product by consumers to quit using traditional tobacco cigarettes



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- http://www.journalnow.com/business/business_news/local/cdc-report-shows-more-smokers-try-to-quit-with-e/article_a33383f3-5300-5178-9f14-28b52884c45c.html
- Recent studies have actually shown that the substantial increase in e-cigarette use among US adult smokers was associated with a statistically significant increase in the smoking cessation rate at the population level:
 - <http://www.bmj.com/content/358/bmj.j3262>
- **HB 2492 HD1 states that “e-cigarettes are now regulated as tobacco products at the federal level” but in reality there are many pending lawsuits challenging the legality of those regulations. In response, the FDA has recently delayed the enforcement of many aspects of the proposed regulations until 2022 due to the fact that it is currently unsure of how to truly regulate these products, as they do not fit within the current guidelines of a tobacco product as defined within the Family Smoking and Tobacco Control Act. Furthermore, the head of the FDA Scott Gotlieb released the following statement:**
 - “We do think there’s a potential opportunity for e-cigarettes to be a lower-risk alternative to smokers who want to quit combustible cigarettes,”
<https://www.nytimes.com/2017/07/28/health/electronic-cigarette-tobacco-nicotine-fda.html>
- HB 2492 HD1 States in its justification that the use of licensing and permit fees will help “protect consumers, such as requiring retailers of e-liquids to obtain a retail tobacco permit”. **We fail to see how requiring retailers to obtain a permit will translate to ‘protecting the public’.** Rather, it will simply burden the 50+ small businesses operating in the vapor products industry with unnecessary fees and bureaucratic hurdles.
- **HB 2492 HD1 would amount to a 9900% increase in licensing fees. This is a highly unreasonable increase that will result in a significant financial burden for all retailers included in the bills definition.**
- Vapor Products are not the same as tobacco products, and thus, should not be regulated in the same fashion. Vapor products have not been demonstrated to have the same detrimental effects of combustible tobacco products and have otherwise been shown in recent studies to be as much as 95% less toxic than traditional Cigarettes. **Creating extraneous regulations that aim to limit access only serves to protect deadly tobacco markets.**
 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457102/E-cigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf
- **A recent study by the National Academy of Sciences, Engineering, and Medicine stated: "there is conclusive evidence that completely substituting e-cigarettes for combustible tobacco cigarettes reduces users’ exposure to numerous toxicants and carcinogens present in combustible tobacco cigarettes." The findings add to the already weighty**



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body of evidence showing vaping to be far less hazardous than smoking.

- <http://www.washingtonexaminer.com/landmark-e-cigarette-report-explodes-myth-that-vaping-is-as-toxic-as-smoking/article/2646804>
- http://nationalacademies.org/hmd/reports/2018/public-health-consequences-of-e-cigarettes.aspx?utm_source=Hootsuite&utm_medium=Dashboard&utm_campaign=SentviaHootsuite

- **HB 2492 HD1's justification states that without taxing vapor products, "smokers may be tempted to purchase less expensive products such as e-liquid". This is false. Virtually all e-cigarette starter kits and bottles of e-liquid are already higher priced in comparison to tobacco cigarettes.** An average reusable electronic cigarette starter kit ranges in price from \$30 to upwards of \$300 depending on the device. Furthermore, a 15ml bottle of e-liquid (the smallest bottle size currently offered) is currently retailed at \$12.99 at all of our locations, which is nearly 33% more costly than a standard pack of cigarettes, yet it provides nearly the same amount of puffs.
- **HB 2492 HD1 would place the same restrictions on shipments of Vapor Products to only licensees and would thus act as a ban on Internet sales & purchases by the public and would be unenforceable.**
- **HB 2492 HD1 would not successfully remove vapor products from the Internet. It would simply restrict local based businesses from competing with businesses from the 49 other states who would not be subjected to this law further lowering jobs and revenues already being created in the state.**
- Internet sales provide access to vapor products for many local customers who live in remote locations. By restricting local Internet retailers, those purchases would simply be sent to mainland based suppliers or even worse, would force those people who do not have easy access to vapor products to return to smoking.

It is our belief that this unjustified classification and requirements are not in the best interests of the State of Hawaii. Thank you for your time and consideration. If you have any questions, please feel free to contact me directly.

Sincerely,
Cory N. Smith
CEO & Owner
VOLCANO Fine Electronic Cigarettes®
1003 Bishop Street #1260
Honolulu, HI 96813
cory@volcanoecigs.com



February 13, 2018

Representative Roy Takumi, Chair
Representative Linda Ichiyama, Vice Chair
Honorable Members of the House Committee on Consumer Protection & Commerce

RE: Support HB2492 HD1 Relating to Chapter 245, Hawaii Revised Statutes with comments

Chair Takumi, Vice Chair Ichiyama & Members of the Committee,

At Blue Zones Project we are working to make Hawaii a happier, healthier place to live, work and play. We support HB 2492, which will help to achieve better health for many of our residents, especially our youth. In Hawaii alone, smoking causes 1,400 adult deaths every year, costing \$256 million. Limiting the use of tobacco would be the most effective way to prevent a number of chronic diseases and other harmful health consequences.

Although Hawaii and California have the strictest laws in the nation prohibiting the sale of tobacco to those under the age of 21, our children are still able to easily purchase cigarettes and other tobacco products via the Internet. This legislation will close that loophole by limiting the shipment of cigarettes and OTPs to licensed retailers, where a person would then pick up the product ordered online. Currently, there is very little regulation of these online purchases to ensure that the customer is 21 years old in accordance with our state law.

The FDA has deemed ESDs as tobacco products; therefore we respectfully request the legislature to regulate and tax ESDs and e-liquids as it does other tobacco products by amending this measure to address this issue. This bill requires the permitting and licensing for the sale of e-cigarettes. Currently, this unregulated industry is able to sell these products in places that are traditionally high traffic for youth. Through taxation and regulation there can be a targeted effort to limit youth purchasing as well as provide education to retailers around our current tobacco laws.

Hawaii continues to see a steep rise in the use of electronic smoking devices especially among youth. One in four Hawaii youth have used ESDs, higher than the national average. The unregulated ESD industry continues to aggressively target children through a variety of online campaigns, child friendly flavoring, and high tech devices. We ask for your support in taxing these products and regulating this industry.

Thank you,

A handwritten signature in black ink that reads "Peggy Mierzwa".

Peggy Mierzwa
Statewide Policy Lead
Blue Zones Project—Hawaii

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Date: February 12, 2018

To: The Honorable Roy Takumi, 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 HB2492 HD1, Relating to Chapter 245, Hawaii Revised Statutes**

Hrg: February 13, 2018 at 2:00pm at Capitol Room 329

Thank you for the opportunity to submit testimony in **STRONG SUPPORT** of HB2492 HD1 which imposes a tax on e-liquid, including disposable electronic smoking devices (ESDs), requires wholesalers and retailers to obtain a license and a retail tobacco permit, and restricts the shipment of tobacco products other than a licensee.

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 more 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.

Offered amendments:

Deleting "containing nicotine" in Section 3, Page 7 lines 9-10:

9 "E-liquid" means any liquid or like substance, ~~containing~~
10 ~~nicotine~~, that is designed or intended to be used in an
11 electronic smoking device as defined in section 328J-1, whether
12 or not packaged in a cartridge or other container."

The Coalition is concerned that the State lacks the resources to test if e-liquids sold are indeed nicotine-free. In a 2015 study¹ of more than 58 million e-cigarette units found that 99% of these contained nicotine, whether or not they were labeled as zero nicotine or nicotine-free. This is evidence that we cannot rely on self-reported information on nicotine content alone. Should the legislature determine to tax e-liquids containing nicotine, the Coalition respectfully recommends that manufacturers self-certify:

SECTION 6. Chapter 245, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§245 - Self-certification confirmation statement. (a) The e-liquid manufacturer must mail a confirmation statement to the Attorney General addressed to the Tobacco Enforcement Unit, certifying to be true and accurate that the product does not contain nicotine and that the tobacco product manufacturer has data to support that assertion."

E-cigarette use among youth and young adults has become a public health concern.

In 2017, 1 in 4 (25.5%) public high school students and more than 1 in 6 (15.7%) public middle school students in Hawaii reported that they are regularly vaping. Because they remain unregulated, e-cigarette companies have aggressively marketed their products by glamorizing their use, using celebrities and young adults as endorsers, and making false health claims. E-cigarettes often contain nicotine, which 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 adultsⁱⁱ.

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 a pollⁱⁱⁱ conducted by Ward Research Inc. for the Coalition in November 2018, 81% of registered Hawai'i voters were in support of taxing e-cigarettes at the same rate as cigarettes or other tobacco products. 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. A scan of online e-liquid products show that a popular brand can be bought for \$10.99 wholesale, and \$27.99 retail for a 60mL bottle.

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 state agencies to know if ESD merchants are compliant with our laws. HB2492 would also help in the distribution of proper signage that help to educate Hawai'i residents and visitors on current laws. Without permitting and licensing, store density and distribution of these products will only continue to grow. In addition, regular exposure and marketing of vape products create the impression that youth use of these products is acceptable.

The Coalition further recommends that a portion of the revenue collected from ESD and e-liquid taxes be dedicated to tobacco prevention and quit programs.

The same statewide poll found that 89% of registered Hawaii voters overwhelmingly agree that it is important for the State to earmark some of the revenue to programs aimed at preventing tobacco use among kids and to helping smokers quit. 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.** In comparison with other fees, the annual wholesale liquor license for the City and County of Honolulu is \$2,640.

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 HB2492 HD1 and respectfully ask you to pass this measure out of committee.

Mahalo,



Jessica Yamauchi, MA
Executive Director, HIPHI

ⁱ Kristy L. Marynak, Doris G. Gammon, Todd Rogers, Ellen M. Coats, Tushar Singh, Brian A. King, "Sales of Nicotine-Containing Electronic Cigarette Products: United States, 2015", American Journal of Public Health 107, no. 5 (May 1, 2017): pp. 702-705. via http://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2017.303660?url_ver=Z39.88-2003&rfr_id=ori%3Arid%3Acrossref.org&rfr_dat=cr_pub%3Dpubmed&

ⁱⁱ U.S. Department of Health and Human Services. *E-Cigarette Use Among Youth and Young Adults, a Report from the Surgeon General* (2017). from https://e-cigarettes.surgeongeneral.gov/documents/2016_SGR_Exec_Summ_508.pdf

ⁱⁱⁱ This study by Ward Research, Inc. summarizes findings from a phone survey among n=804 Hawaii registered voters (maximum sampling error +/-3.3%), conducted between October 24 and November 16, 2017.



February 12, 2018

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

Re: **Strong Support for SB2654**

Hrg: February 13, 2018 at 2:00pm at Capitol Room 329

The Hawaii Public Health Association is a group of over 600 community members, public health professionals and organizations statewide dedicated to improving public health. HPHA also serves as a voice for public health professionals and as a repository for information about public health in the Pacific.

HPHA strongly supports **HB2492** which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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 significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing which will allow the state to know who is selling e-cigarettes in Hawaii and work with these merchants to educate and enforce current tobacco laws.

Thank you for the opportunity to provide testimony on important health issues affecting people in Hawaii.

Respectfully submitted,

A handwritten signature in black ink that reads "Holly Kessler". The signature is written in a cursive, slightly slanted style.

Holly Kessler, Executive Director
Hawaii Public Health Association

Tuesday, February 13, 2018 at 2:00PM
Conference Room 329

House Committee on Consumer Protection & Commerce

To: Representative Roy M. Takumi, Chair
Representative Linda Ichiyama, Vice Chair

From: Michael Robinson
Vice President & Government Relations

Re: Testimony in Strong Support of HB 2492 HD 1

My name is Michael Robinson and I am Vice President and Government Relations at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system with over 70 locations statewide including medical centers, clinics, physicians and other caregivers serving Hawai'i and the Pacific Region with high quality, compassionate care. Its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox – specialize in innovative programs in women's health, pediatric care, cardiovascular services, cancer care, bone and joint services and more. Hawai'i Pacific Health is recognized nationally for its excellence in patient care and the use of electronic health records to improve quality and patient safety.

I **strongly support** HB 2492 HD 1 which would regulate e-liquids and electronic smoking devices (ESDs) as tobacco products through taxation, shipment, and licensing and permitting.

E-cigarette use or vaping 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 has decreased through the years, ESD use has rapidly increased, threatening significant public health gains through our Tobacco 21 law and tobacco youth access laws. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 permitting and licensing which will allow the state to know who is selling e-cigarettes in Hawaii and work with these merchants to educate and enforce current tobacco laws.

Thank you for your consideration of this testimony in strong support of HB 2492 HD 1.

HB-2492-HD-1

Submitted on: 2/12/2018 3:05:52 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Devin Wolery	PCG Enterprises LLC	Oppose	Yes

Comments:

Currently the way the bill is written in section 245-E "Notwithstanding the existence of other remedies at law, any person or entity that purchases, uses, controls, or possesses any tobacco products for which the applicable taxes imposed under title 14 have not been paid, shall be liable for the applicable taxes, plus any penalty and interest as provided for by law."

This would effectively place a FLOOR TAX on all eliquid that contains nicotine in our stores.

IF I have \$100,000 of eliquid inventory in my store. I would be forced to pay \$70,000 in taxes for just being in possession of the product. This would bankrupt me and every other business in Hawaii.

Also based on the current LAW anything after 2009 could be back taxed. the existing tax statute says "taxes are owed on all "tobacco product" sales post-2009 by a wholesaler or dealer"

Without specific verbiage on the bill. There is currently too much confusion possible.

Also with talking to the tax department. The current tobacco tax of 70%. would be charged to wholesale. If you are a wholesale business.

But if you are purely retail and bring in the eliquid from an out of state wholesaler. Then you would actually be paying the tax on the retail price you sell it for. not the price you bought it for.

This would force every company to create a wholesale specific company. So that they can bring in the product then sell it to themselves at the price they want. Then they would pay the tax on that. By the way, current law works for tobacco. The retailer is not the wholesaler. And the retailer does not actually pay the tobacco tax. They pay the GET only.



3610 Waialae Ave
Honolulu, HI 96816
P: (808) 592-4200
E: tyamaki@rmhawaii.org

**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
FEBRUARY 13, 2018**

Re: HB 2492 HD1 RELATING TO CHAPTER 245, HAWAII REVISED STATUTES.

Good morning Chair Takumi and members of the House Committee on Consumer Protection and 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 committed to supporting 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 2492 HD 1 that makes it unlawful to ship tobacco products to anyone other than a licensee, and as well as increasing the license fee for wholesalers or dealers and the retail tobacco permit fee.

Many retailers statewide are already operating on a thin margin and face stiff competition from not only other brick and mortar retailers but online sales as well. 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 stores to close, leaving people out of work.

We ask that this committee hold this measure.

Again mahalo for this opportunity to testify.

HB-2492-HD-1

Submitted on: 2/12/2018 4:52:54 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mariner Revell	Irie Hawaii Smoke & Vape Shops	Oppose	Yes

Comments:

I oppose bill HB2492 HD1. My stores are on the big island, we have the poorest economy of all the major islands. We have very small margins on tobacco products due to the enormous tax imposed on them and rely on other products to turn a profit.

Due to the amount of usness that would be lost due to the high pice of vape products, This bill would place great hardship on myself and my ability to provide for my family, my 30 employees and their famlies.

This bill would geatly harm my business and the vape industry in Hawaii as a whole. As you may know the majority of the vape industry in Hawaii are (mom and pop) owned and operated by small businesses local to Hawaii. One of the last mom and pop retail industries we have left.

Please do not pass this bill. Thank you for your time.

HB-2492-HD-1

Submitted on: 2/12/2018 4:55:46 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Zehner	Hawaii Smokers Alliance	Oppose	No

Comments:

HB-2492-HD-1

Submitted on: 2/12/2018 10:34:25 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Maria Teresa Belardo	Individual	Support	No

Comments:

I strongly support HB2492 HD1. E-cigarettes ARE tobacco products and should be treated as such. That means taxing them (proven to deter youth use) as well as permitting and licensing the retailers and wholesalers who sell them. Thank you for your consideration.

HB-2492-HD-1

Submitted on: 2/10/2018 12:50:29 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Johnathon Myers	Cigar Rights of America	Oppose	No

Comments:

I strongly OPPOSE prohibiting Internet sales of cigars, e-cigarette, tobacco products. There are plenty of Laws in place already in the State of Hawai'i that prevent youth from purchasing tobacco products--enforce them. There are plenty of Laws in place to tax online sales of purchased products--enforce them. The State of Hawai'i does not need to legislate adults' online purchasing. I am a staunch supporter of the #SUPPORTLOCAL movement in Hawai'i, but this proposed Bill is a clear example of Government overreach--especially on an island with limited resources/retailers. I strongly OPPOSE the increase in the license fee from \$2.50 to \$250, as well as stongly OPPOSE the increase in the retail tobacco permit from \$20 to \$50.

Date: February 12, 2018

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

Re: **SUPPORT for HB2492**, Relating to Chapter 245, Hawai'i Revised Statutes

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

Aloha House Committee on Consumer Protection and Commerce,

I am writing in strong **SUPPORT of HB2492** that would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

Use of electronic cigarettes or vaping among youth and young adults has become a national public health concern. ESDs are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While cigarette smoking rates in Hawai'i have decreased through the years, ESD vaping has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because ESDs provide a new way to deliver the addictive 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.

Without regulation, ESD manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing their use, promoting deep discounts, 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 disposable ESDs and e-liquid 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 to reduce use. In addition, a portion of these revenues should be dedicated to tobacco prevention and quit programs.

This bill will also require permitting and licensing 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 HB2492** and respectfully ask you to pass this bill out of committee.

Mahalo nui for your consideration,

Forrest Batz, PharmD
Keaau, HI

ichiyama2 - Naomi

From: bmih@everyactioncustom.com on behalf of Bryan Mih
<bmih@everyactioncustom.com>
Sent: Tuesday, February 13, 2018 12:02 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

As a pediatrician in Honolulu and medical director of the Kapiolani Smokefree Families Tobacco & Nicotine Cessation Program, I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

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.

E-cigarette use or vaping 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 have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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.

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

Sincerely,
Bryan Mih
Honolulu, HI 96822

HB-2492-HD-1

Submitted on: 2/12/2018 10:58:03 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael S. Nakasone	Individual	Oppose	No

Comments:

Strong Opposition to this unfair tax increase! I'm voter and you want me to pay lots more. No way can I support legislators that vote for junk such as sb2492.

ichiyama2 - Naomi

From: ctakesue@everyactioncustom.com on behalf of Cori Takesue
<ctakesue@everyactioncustom.com>
Sent: Monday, February 12, 2018 8:52 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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 have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Cori Takesue
Lanai City, HI 96763

HB-2492-HD-1

Submitted on: 2/12/2018 6:30:26 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

HB-2492-HD-1

Submitted on: 2/12/2018 11:47:39 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
C. Azelski	Individual	Support	No

Comments:

It is important to regulate all tobacco products consistently. Please support HB2492. Thank you.

HB-2492-HD-1

Submitted on: 2/10/2018 1:04:59 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chris C.K. Arakaki		Oppose	No

Comments:

To whom It may concern,

I oppose bill **HB2492 HD1**. I've been a heavy smoker of traditional tobacco cigarettes for over 7 years and only quit the last 3 years after being introduced to the lifesaving technology which we know now as electronic cigarettes or e-cigarettes. I am no longer out of breath doing minor chores, getting up in the morning coughing, feeling sick and having bad breath. All this due to switching over to e-cigarettes and have been tobacco cigarette free since.

This bill imposes on what we Americans believe in, which is freedom of choice and consumer rights to options. It's easy for a non-smoker to tell us to "just quit" but as a smoker it's much harder than that. The best route would be to have options for a healthier alternative. A report published by Public Health England (PHE), an agency sponsored by the UK's Department for Health, has concluded that e-cigarettes are 95 percent less harmful than traditional smokes.

Yet our U.S. Government continues to deny and ignore these facts and studies due to potential loss in tobacco tax revenue which each State including Hawaii receives. It's seem like our Government is more concerned about money than American lives which they can potential save by having an open mindedness to this new life saving technology.

On top of imposing on our rights, this bill is detrimental to small businesses here in Hawaii. Small businesses will "go out of business" if this bill passes, there is no doubt about it. Thousands will be out of jobs and unable to support their family and force small businesses to move to the mainland which is the opposite of what we've been trying to do which is to create more jobs here in Hawaii.

I implore you to re-review these bills relating to e-cigarettes and what negative impact it has on many residents here in Hawaii.

Sincerely, Vince Tran

Resident of Honolulu, Hawaii

HB-2492-HD-1

Submitted on: 2/12/2018 11:26:13 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

HB-2492-HD-1

Submitted on: 2/12/2018 1:17:52 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

HB-2492-HD-1

Submitted on: 2/12/2018 1:19:38 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

Adding a huge tax like this will definitely kill businesses and prevent. If you want people to quit smoking, this is not the way to go about it. The FDA has recently updated their stance on e-cigarette's as well as other well researched material from the UK Government. Please take your time to read through them.

HB-2492-HD-1

Submitted on: 2/12/2018 12:04:31 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Molly Mamaril	Individual	Support	No

Comments:

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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. Studies are also finding that ESDs can lead to smoking cigarettes for new users, including kids.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults.

Now that the FDA has deemed ESDs as tobacco products, I urge the legislature to regulate and tax disposable e-cigarettes and e-liquid 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

HB-2492-HD-1

Submitted on: 2/12/2018 1:38:54 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

Thank you for taking the time to read my testimony. Vaping has changed my life and from a person who has been smoking for many years vaping has improved my overall health and helped me quit smoking cigarettes. I believe this device is a healthier alternative to smoking actual tobacco. Please take in consideration that passing all these laws are not helping us improve our health and it is definitely better than a nicotine patch or medication which has worse side effects.

HB-2492-HD-1

Submitted on: 2/12/2018 1:39:12 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jude Neil	Eciggity	Oppose	No

Comments:

The main reason why I oppose this bill for various reasons. For small businesses that sell E-Cigarettes, I converted from being a heavy smoker to a "Vaper". My life has been more active lately and I'm pretty sure that my chances of getting cancer has gone down drastically. Also, I have quit doing bad habits because of this trend, I don't buy packs of ciggerattes a week like I used to, Ive actually stop smoking completely and my life has been healthier then it used to.

HB-2492-HD-1

Submitted on: 2/13/2018 2:17:06 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jamie Van Blarcom	Individual	Oppose	No

Comments:

Having a floor tax would greatly impede the company I work for and more than likely cause the company to close. This will put me out of a job that I have been with for 7+ years.

HB-2492-HD-1

Submitted on: 2/12/2018 1:44:02 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
eduardo rebolios	Individual	Oppose	No

Comments:

I'm opposing this bill because I find it ridiculous that you guys are basically wanting to eliminate a healthier alternative to smoking. If this passes, many e-cigarette shops will have no choice but to close down since majority of them are small, local businesses. Before using my first e-cigarette, I've been a heavy smoker. Smoking nearly two packs of cigarettes within a day. It's been nearly 5 years since I've touched an actual cigarette. And if this bill does pass, I myself would have to break this streak and go back to smoking again most likely leading to having cancer. So, in the sake of small businesses and people like me, don't let this bill pass. Aloha.

HB-2492-HD-1

Submitted on: 2/12/2018 2:14:04 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerald Honma	Individual	Oppose	No

Comments:

Dear Sirs and Madams,

Do you really dislike the Vaping Industry so much, That you would rather destroy it then to work w/ us. By putting unfair taxes on only local businesses you will lose all taxes

from Hawaii Vaping Shops and give a clear advantage to all other Mailand Vaping Companies

And Websites. Please lets use some common sense here in Hawaii. We vote for you folks to be smart and have some knowlegde of how we are suppose to help Hawaii Businesses.

(Buy Local, Buy Hawaii, Eat Hawaii) Why are you folks so Anti-Hawaii?

Best Regards,

Gerald Honma

Smokeless Hawaii

HB-2492-HD-1

Submitted on: 2/12/2018 2:23:49 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jess Lovely	Individual	Oppose	No

Comments:

I'd like to start out by saying that the F.D.A. is now backing vapng as a healthier alternative to smoking. Many new studies have been released recently. A new 2 year study on 200 volunteers shows that there is no health risk to the heart and lungs. You can check it out for yourself here.

<https://www.vapingpost.com/2018/01/18/new-study-finds-no-health-risks-in-2-year-vapers/>

Classifying vaping as a tobacco product for the soul porpose of taxation, and trying to pigeon hole vaping as having the same dangers of smoking is a big mistake! They are not the same. Check the scientific research before voting on this one please.

As far as the online shipping part of this, people order vape supplies from all over the world, not just the U.S.A. This law ONLY hurts the business in Hawaii. It doesn't change the fact that anybody can order anything they want from the U.S. mainland and China. I strongly oppose these potential new laws and urge you to not put these new laws into effect.

02-12-18

TO: Chair, Vice Chair and Members
House Committee on Consumer Protection and Commerce
cc: Maui / Moloka'i, Lana'i House Members
CC: CTFH-Maui
RE: Support of HB2492, Relating to Chapter 245, HRS

Welina,

I strongly and with no reservations, support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping among youth and young adults has become a national public health concern. Hawai'i is seeing a increased usage so as to be part of the voice of concern and public policy initiative in this national concern. E-cigarettes are now the most popularly used tobacco product among youth and young adults, surpassing cigarettes. While smoking rates in Hawai'i have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. Wow! This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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, without any hesitation, strongly urge the legislature to regulate and tax disposable e-cigarettes and e-liquid 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. I am happy that this bill will also require a permitting and licensing 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 and with no reservation, support HB2492 and ask you to pass this out of committee.

Me ka'oiia'i'o,
John A. H. Tomoso+, MSW, ACSW, LSW
51 Ku'ula Street
Kahului, Maui, Hawai'i 96732-2906
john.a.h.tomoso@gmail.com
808-280-1749

HB-2492-HD-1

Submitted on: 2/12/2018 1:31:53 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Garrick Aylesworth	Individual	Oppose	No

Comments:

If this bill passes im most likely go back to smoking since most vape shop are small business and they'll prob shut down. In which I'll probably get cancer and die. So if you support hundred of thousands of people dying from cancer because big tobacco can afford this tax, then by all means kill us.

HB-2492-HD-1

Submitted on: 2/12/2018 3:14:05 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rafael Montero	Individual	Oppose	No

Comments:

HB-2492-HD-1

Submitted on: 2/12/2018 3:52:30 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

If this floor tax goes through, it will greatly hurt my employer who also sells ejuice. It will hurt my income, as well as hinder this business. Since it will essentially kill vape a promote smoking, this is also very unfortunate.

HB-2492-HD-1

Submitted on: 2/12/2018 6:56:46 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

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

Comments:

HB-2492-HD-1

Submitted on: 2/13/2018 12:14:34 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
shaun	Individual	Oppose	No

Comments:

HB-2492-HD-1

Submitted on: 2/12/2018 10:56:00 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sara Kay	Individual	Support	Yes

Comments:

I **strongly support** HB2492 HD1 which would regulate e-liquids and electronic smoking devices (ESDs) as tobacco products through taxation, shipment, and licensing and permitting.

E-cigarettes, more commonly known as "vaping" has become an entire culture in my generation, even though participating in it is both illegal in Hawaii and dangerously harmful to a youth's health in the future. Yet, I see posts on social media constantly promoting these products and their "fun flavors" to people around my age daily with little to no regulation. I even attempted to buy vape on my school campus and was successful! The lack of regulation of these products, both on the island and online is incredibly dangerous for me and many of my peers. Vaping is essential this generation's cigarette and should be treated correctly, with proper taxing and regulation.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 permitting and licensing which will allow the state to know who is selling e-cigarettes in Hawaii and work with these merchants to educate and enforce current tobacco laws.

I strongly support HB2492 HD1 and ask you to pass this out of committee.

Mahalo,

Sara Kay

Punahou School

HB-2492-HD-1

Submitted on: 2/12/2018 2:53:39 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Riken Escalona	Individual	Oppose	No

Comments:

I oppose HB2492. A 70% tax would kill the current business that I'm employed at, and would leave me jobless. This bill would kill many other businesses like ours.

HB-2492-HD-1

Submitted on: 2/13/2018 12:02:17 AM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Johnston	Individual	Oppose	No

Comments:

I strongly oppose HB2492 HD1. This bill will cause my small local business to close. This bill will add taxes that will make the products I sell so expensive local people won't buy them in my local small business anymore. People will just increase their purchasing of vape products online where they can pay a lower price. The state should support and encourage local small businesses. The state doesn't need to tax vape. Taxing vape to deter legal aged adults from buying vape won't work. What taxing vape will do is hurt my local small business. I am in the vape business to help others successfully quit smoking as I did three years ago. I opened my own store to bring vape prices down and make sure locals could have a place to go for vape other than online. I know that nicotine is not the same as tobacco. Nicotine is extracted from tobacco. Tobacco is burned to smoke it. Vape is not burned. Vape is not smoking. Nicotine is not only found in tobacco. Nicotine is found in every plant in the family of nightshade. Other plants containing nicotine include tomatoes, potatoes, egg plants, goji berries, peppers and many more. Tobacco is a plant in the family of nightshade that produces nicotine and is easy to harvest for nicotine. Cows make milk, other animals make milk, we don't call milk cow. We call milk by it's name milk and we treat milk as milk. Why is it that nicotine has to be treated like and called tobacco when they are clearly two different things. Nicotine is extracted from tobacco and milk is extracted from cows yet milk isn't called cow but nicotine is called tobacco and treated as tobacco. Tobacco is combusted or sucked on so that the user can extract nicotine. Vape is not combusted and the nicotine is already extracted for the user, vape does not contain any tobacco.

Michelle Johnston

Sub Ohm Vapes, LLC

Kailua-Kona, Hawaii

HB 2492, HD1
Various Individuals in Support

#	NAME	#	NAME	#	NAME
1	Cori Takesu	37	Shay Gacayan	73	
2	Carol Ignacio	38	Charity Kaiwi	74	
3	Micharl Kellar	39	Katie Folio	75	
4	Tenaya Jackman	40	Laksmi Abraham	76	
5	Anne Scharnhorst	41	Curtis Palmer	77	
6	Mark Kevin	42	Normand Dufresne	78	
7	Lis Kehl	43	Kendra mederios	79	
8	Ruthie Diaz	44	Valerie Saiki	80	
9	John Ishoda	45		81	
10	Linda Kalahiki	46		82	
11	Lena Phomsouvanh	47		83	
12	Jenna Lee	48		84	
13	Patricia Blair	49		85	
14	Lorrie Santos	50		86	
15	Barbara Nosaka	51		87	
16	Jeny Bissell	52		88	
17	Helen Barrow	53		89	
18	Susan Yamamoto	54		90	
19	Erin Pinto	55		91	
20	Tanya Gabriel	56		92	
21	Alan Trinh	57		93	
22	Aly Hite	58		94	
23	Patti Ornellas	59		95	
24	Stephanie Moir	60		96	
25	Pualei Kaohelaulii	61		97	
26	Candee Rillon	62		98	
27	Christopher La chica	63		99	
28	Mae Kyono	64		100	
29	Jayson O'Donnell	65		101	
30	Kathyrn Braun	66		102	
31	Diana M. Shaw	67		103	
32	Patricia Fleck	68		104	
33	Deborah Brown	69		105	
34	Michele Nihipali	70		106	
35	Melani Rahmer	71		107	
36	Joan Powers	72		108	

ichiyama2 - Naomi

From: ctakesue@everyactioncustom.com on behalf of Cori Takesue
<ctakesue@everyactioncustom.com>
Sent: Monday, February 12, 2018 8:52 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Follow Up Flag: Follow up
Flag Status: Completed

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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 have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Cori Takesue
Lanai City, HI 96763

LATE

ichiyama2 - Naomi

From: costacrystal@everyactioncustom.com on behalf of Crystal Costa
<costacrystal@everyactioncustom.com>
Sent: Tuesday, February 13, 2018 10:27 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

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Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Crystal Costa
Honolulu, HI 96814

LATE

ichiyama2 - Naomi

From: ssaramosing@everyactioncustom.com on behalf of Sara Lee Saramosing
<ssaramosing@everyactioncustom.com>
Sent: Tuesday, February 13, 2018 9:57 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

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Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Sara Lee Saramosing
Honolulu, HI 96817

LATE

ichiyama2 - Naomi

From: pracs@everyactioncustom.com on behalf of Charles Racsca
<pracs@everyactioncustom.com>
Sent: Tuesday, February 13, 2018 9:56 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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 have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Charles Racsca
Honolulu, HI 96819

ichiyama2 - Naomi

From: jenhausler@everyactioncustom.com on behalf of Jennifer Hausler
<jenhausler@everyactioncustom.com>
Sent: Tuesday, February 13, 2018 9:38 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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 have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Jennifer Hausler
Pearl City, HI 96782

LATE

ichiyama2 - Naomi

From: kurikir001@everyactioncustom.com on behalf of Ronald Kuriki <kurikir001@everyactioncustom.com>
Sent: Tuesday, February 13, 2018 9:52 AM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

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This bill will also require a permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Ronald Kuriki
Honolulu, HI 96816



February 13, 2018

VIA ELECTRONIC MAIL

Hon. Della Belatti
Representative, Twenty Fourth House District
State of Hawaii

Hon. Bertrand Kobayashi
Representative, Nineteenth House District
State of Hawaii

Hon. Lei Learnmont
Representative, Forty Sixth House District
State of Hawaii

Hon. John Mizuno
Representative, Twenty Eighth House District
State of Hawaii

Re: In opposition to HB 2492 and efforts to impose a wholesale tax on vapor products

Honorable Representatives:

Logic Technology Development LLC, headquartered in Princeton, New Jersey, is one of the largest suppliers of electronic cigarettes in the USA.

On behalf of our employees, customers, and consumers, I am writing to urge you to reconsider your proposal, HB 2492, which seeks to levy taxation on vapor products, conventionally known as electronic cigarettes or "e-cigarettes".

We believe that imposing taxation at this juncture on vapor products and/or the e-liquids they utilize would be premature and damaging to an industry that remains in its early stages of development as an alternative for adult smokers to the known harms of combustible tobacco. The impact of a 70 percent wholesale tax will be crippling to the industry in your state and the jobs and economic activity it supports.

To illustrate, after just one year of an 40% wholesale tax being placed upon the vapor product category in Pennsylvania, independent news reports identified the closure of nearly 200 small businesses in that state due to the massive expense of this tax. Such massive job loss and economic harm must be considered on Utah's small businesses if double the tax rate were to be enacted.

Furthermore, data show over and over again that the imposition of high levels of taxation punishes traditional, brick-and-mortar small businesses, whilst creating an incentive for increased unregulated sales, via the illicit market or internet, to meet the demand that already exists for vapor products and electronic cigarettes.

Alternate Tax Proposal

Logic fully recognizes the State's interest and right to derive revenue via taxation. If this is a path that must be followed in relation to electronic cigarettes, we would advocate for a moderate level of taxation. Other states, have adopted a more measured path to secure meaningful amounts of revenue without serious disruption and job loss to this industry.

Undoubtedly this is a better outcome than the near-certain result of small business closure, job loss, and negative economic impact to retailers that is sure to follow a policy of imposing 70% wholesale taxation on vapor products.

This would also serve to limit incentives for tax evasion and avoidance, which undermine tax revenues and broader legislative policy objectives.

To achieve this, we believe it to be essential to define an optimal tax base, excise tax structure and rate – that is a tax on the consumable material, rather than parts and components like batteries and mouthpieces, at a fixed level per milliliter of nicotine-containing liquid. More than half of the states that have enacted a tax on vapor products have followed this model, typically at \$0.05 per ml, with little-to-no reported disruption to the industry or job loss.

The Negative Consequences of an 70% Tax

Whereas taxing the consumable material in these products provides a fixed, predictable level of tax that is easily administered and tracked irrespective of the device type or delivery mechanism, tying the level of tax to the price of the products (as contemplated in this proposal) incentivizes a flurry of negative consequences, including among others:

- Job loss and higher cost to brick-and-mortar Hawaii businesses, who will bear the brunt of these costs;
- A “race to the bottom” by advantaging cheaper, lower quality products and the potential for increased risk to consumer safety and lessened product quality;
- Difficulty to administer, as wholesale taxes are complicated by the wide variety of devices, batteries and systems in the marketplace; and,
- Tax avoidance a lack of transparency by pushing sales across state lines or to the internet, where unscrupulous actors are known to skirt laws and regulations, such as age verification.

In conclusion, Logic is proud to be a regulatory and compliance-led organization. As a responsible company, we fully support science and evidence-based regulation. We operate self-imposed marketing restrictions, voluntarily place health warnings on our products and marketing materials and operate a stringent age-verification system for any online sales through our website. To reinforce our position against youth access to electronic cigarettes, Logic sponsors the *We Card* Program and serves on its Manufacturers Advisory Council. Logic supports and promotes *We Card*'s ongoing efforts to raise awareness of responsible retailing and age verification requirements and to educate and train retail employees to identify and prevent underage attempts to purchase age-restricted products.

As the regulatory burden continues to grow on responsible suppliers such as Logic, less scrupulous operators that are not concerned by regulatory obligations, youth access, product quality or consumer protection, continue to exploit an unregulated cyber environment, avoiding all regulation and taxation compliance requirements. Anything other than a moderate excise approach would exacerbate this growing concern by pushing consumers toward internet purchases.

We look forward to continued participation in this debate and would ask that the points we raise be taken into full consideration. We remain at your disposal to meet with you or your staff, or to provide further information at any stage.

Yours respectfully,

Kevin Roberts

Director, Regulatory Affairs & Communications

cc: Members of the House Committee on Consumer Protection & Commerce

HB-2492-HD-1

Submitted on: 2/13/2018 12:13:28 PM

Testimony for CPC on 2/13/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Theresa Burian	Individual	Oppose	No

Comments:

ichiyama2 - Naomi

From: Royce Fukuroku <Royce.Fukuroku@sharecare.com>
Sent: Tuesday, February 13, 2018 5:16 PM
To: CPCtestimony
Subject: RE: [EXTERNAL] RE: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Hi Naomi,

Sorry but I wasn't there today.

Thank you,

* Royce Fukuroku
Organization Lead | Blue Zones Project- Central Maui W : 808-214-7062 | M : 808-298-7547 | E:
Royce.fukuroku@sharecare.com

Blue Zones Project®
My RealAge is 2.7 years younger. What's yours? Take the test now!
Follow us on Facebook | Instagram | bluezonesproject.com

-----Original Message-----

From: ichiyama2 - Naomi [mailto:ichiyama2@capitol.hawaii.gov] On Behalf Of CPCtestimony
Sent: Tuesday, February 13, 2018 4:30 PM
To: Royce Fukuroku <Royce.Fukuroku@sharecare.com>
Subject: [EXTERNAL] RE: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Mr. Fukuroku,
By chance were you at the hearing today?

Naomi

-----Original Message-----

From: royce.fukuroku@everyactioncustom.com [mailto:royce.fukuroku@everyactioncustom.com]
Sent: Tuesday, February 13, 2018 4:07 PM
To: CPCtestimony <cpctestimony@capitol.hawaii.gov>
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

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Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Royce Fukuroku
Wailuku, HI 96793

From: angelraybpc@everyactioncustom.com on behalf of Angelina Mercado
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Sent: Tuesday, February 13, 2018 7:02 PM
To: CPCtestimony
Subject: Strong Support of HB2492, Relating to Chapter 245, Hawaii Revised Statutes

Dear House Committee on Consumer Protection and Commerce,

The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair Members of the House Committee on Consumer Protection and Commerce

Hrg: February 13, 2018 at 2:00 PM at Capitol Room 329

I strongly support HB2492 which would regulate disposable electronic smoking devices (ESDs) and e-liquids as tobacco products through taxation, shipment restrictions, and licensing and permitting.

E-cigarette use or vaping 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 have decreased through the years, ESD use has rapidly increased, threatening significant public health gains made over the last decade. This is particularly concerning because e-cigarettes provide a new way to deliver the addictive 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.

Without regulation, e-cigarette manufacturers will continue to aggressively market their products by using young adults and celebrities as endorsers, glamorizing its use, promoting deep discounts, 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 disposable e-cigarettes and e-liquid 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 permitting and licensing 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 HB2492 and ask you to pass this out of committee.

Sincerely,
Angelina Mercado
Honolulu, HI 96819

