

DAVID Y. IGE
GOVERNOR

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LT. GOVERNOR



ISAAC W. CHOY
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STATE OF HAWAII
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To: The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair;
and Members of the House Committee on Finance

From: Isaac W. Choy, Director
Department of Taxation

Date: February 25, 2021
Time: 1:00 P.M.
Place: Via Video Conference, State Capitol

Re: H.B. 598, H.D. 2, Relating to Tobacco Products

The Department of Taxation (Department) offers the following comments regarding H.B. 598, H.D. 2, for your consideration.

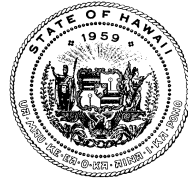
H.B. 598, H.D. 2, makes numerous amendments to chapter 245, Hawaii Revised Statutes, including creating a new offense for unlawful shipment of tobacco products, repealing a related section dealing with delivery sales of tobacco products, raising tobacco wholesaler license and retailer permit fees, requiring retailers to specify whether they sell electronic smoking devices, modifying tobacco tax allocation, and repealing the Electronic Smoking Device Retailer Registration Unit. The bill has a defective effective date of July 1, 2050.

First, the Department notes the Committee on Consumer Protection & Commerce made amendments to this measure at the Department's suggestions. The Department appreciates the consideration of its testimony.

Second, the Department notes that this measure adds a definition of "electronic smoking device" to chapter 245, HRS, but does not actually tax those devices. As a general matter, the Department notes that it is not appropriate to require registration under chapter 245, HRS, if the taxpayer is not subject to that tax.

Finally, the Department appreciates the increased wholesaler/dealer license fees and retail permit fees in sections 245-2 and 245-2.5, HRS, respectively. In most cases, the current fee amount does not cover the cost to the State to issue the license or permit.

Thank you for the opportunity to provide comments.



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

**Testimony COMMENTING on H.B. 598, H.D. 2
RELATING TO TOBACCO PRODUCTS**

REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: 2/25/2021

Room Number: Videoconference

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

4 **Department Testimony:** The DOH offers comments and recommends an amendment, for
5 House Bill 598, House Draft 2 (H.B. 598, H.D. 2). The bill proposes prohibiting online sales
6 through the offense of unlawful shipment of tobacco products. It increases fees to provide for
7 sustainable licensing and permitting, dedicates specific funds for youth prevention and education
8 programs, and eliminates delivery sales of tobacco products.

9 The DOH recommends that language in this measure clearly provide for the definition of
10 “tobacco products” to include electronic smoking devices (ESDs). This would establish the
11 necessary regulatory authority to protect consumers and create parity between other tobacco
12 products and ESDs. By preventing the inclusion of ESDs in the definition of “tobacco products”
13 in Chapter 245, Hawaii Revised Statutes (HRS), and not attaching a specific ESD tax, there is no
14 clear vehicle to impose a tax on ESDs nor to require licensing and permitting by wholesalers and
15 retailers of ESDs. The intent to provide regulatory authority and to create tax parity between
16 other tobacco products and ESDs has been eliminated.

17 ESDs are the most commonly used tobacco product among youth in Hawaii. High school
18 youth experimentation with ESDs grew from 22% in 2015 to 48% in 2019. In 2015, over one in

1 four (25.5%) high school students reported being current users, and today it is almost one in
2 three (30.6%).¹

3 Hawaii does not regulate ESDs through licensing, permitting, nor taxation. ESDs are
4 currently not taxed like other tobacco products and often can be purchased at lower prices than
5 cigarettes. According to the U.S. Surgeon General, increasing the price of tobacco products is
6 the single most effective way to reduce consumption.² Increasing the price of tobacco products
7 has the greatest impact on youth, who are particularly price sensitive.³ According to an
8 economic study by the University of Illinois, increasing the price of ESDs by 10% has been
9 shown to lead to a 10% to 18% reduction in the demand and consumption of ESDs – a higher
10 price elasticity compared to combustible cigarettes. Further, the imposition of an excise tax
11 equal to 70% of the wholesale price of each ESD will be consistent and provide parity with the
12 tax on other tobacco products.

13 Requiring licensure and retail permitting under the DOTAX would bring ESD and
14 vendors in alignment with the traditional tobacco retailers and would provide accurate data for
15 compliance surveillance. As of 2020, 31 states, the District of Columbia, the Northern Mariana
16 Islands, and the U.S. Virgin Islands required retailers to have a license to sell ESDs.⁴ Tobacco
17 licensing is an effective tool for limiting the negative public health consequences of tobacco use
18 by ensuring that wholesalers and retailers comply with responsible sales practices. Increasing
19 the licensure and permitting fees, which have remained unchanged since 1995, despite high
20 tobacco taxes and ever-increasing tobacco industry expenditures in marketing and advertising,
21 would be a further positive move.

¹ National Youth Risk Behavior Survey, Hawaii and the United States (2019).

² U.S. Department of Health and Human Services. [Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General](#). 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, 2012 [accessed 2018 Jan 22].

³ Chaloupka, F. Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products, 1 *Nicotine & Tobacco Research* S105 (Supp. 1 1999).

⁴ U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, STATE System Licensure Fact Sheet, <https://www.cdc.gov/statesystem/ecigarette.html>

1 The DOH offers an amendment requesting to restore the original language of H.B. 598
2 with the definition of “tobacco products” that includes ESDs.

3 Thank you for the opportunity to testify on this measure.

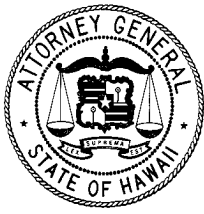
4 **Offered Amendment:**

5 Section 3, page 6, line 13, add the following:

6 SECTION 3. Section 245-1, Hawaii Revised Statutes is amended as follows:

7 2. By amending the definition of “tobacco products” to read:

- 8 • "Tobacco products" means ~~[tobacco in any form,]~~ any product, other than cigarettes or
9 little cigars, that is ~~[prepared or intended for consumption or for personal use by humans,~~
10 ~~including large cigars and any substitutes thereof other than cigarettes that bear the~~
11 ~~semblance thereof, snuff, chewing or smokeless tobacco, and smoking or pipe~~
12 ~~tobacco.]~~ made from or derived from tobacco, or that contains nicotine, that is intended
13 for human consumption or is likely to be consumed, whether smoked, heated, chewed,
14 absorbed, dissolved, inhaled or ingested by any other means, including but not limited to
15 a cigarette, a cigar, pipe tobacco, chewing tobacco, snuff, or snus. "Tobacco products"
16 also means electronic smoking devices and any component or accessory used in the
17 consumption of a tobacco product, such as filters, rolling papers, pipes, e-liquid, and any
18 other substances used in electronic smoking devices, whether or not they contain
19 nicotine. "Tobacco products" does not include drugs, devices, or combination products
20 authorized for sale by the U.S. Food and Drug Administration, as those terms are defined
21 in title 21 United States Code chapter 9."



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021**

ON THE FOLLOWING MEASURE:

H.B. NO. 598, H.D. 2, RELATING TO TOBACCO PRODUCTS.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Thursday, February 25, 2021 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 308, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Delanie Prescott-Tate,
Deputy Attorney General, at 586-1189)

Chair Luke and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The purposes of this bill are to (1) establish the offense of unlawful shipment of tobacco products; (2) raise the fees for obtaining a tobacco wholesaler/dealer license and a retail tobacco permit; (3) allocate a portion of the excise tax on cigarettes and tobacco products to health education and prevention programs for youth on the dangers of using electronic smoking devices; (4) require retailers to specify if their retail establishment sells electronic smoking devices or e-liquids when applying for or renewing a retail tobacco permit; and, (5) repeal certain provisions of the Hawaii Revised Statutes (HRS) relating to electronic smoking devices.

Section 2 of the bill at page 4, line 15, through page 6, line 12, essentially adopts the wording of section 245-16, HRS, which sets forth the offense of unlawful shipment of cigarettes. The bill replaces the term "cigarettes" with "tobacco products" to create a new offense. The term "Tobacco products" is currently defined in section 245-1, HRS, as "tobacco in any form, other than cigarettes or little cigars, that is prepared or intended for consumption or for personal use by humans, including large cigars and any substitutes thereof other than cigarettes that bear the semblance thereof, snuff, chewing or smokeless tobacco, and smoking or pipe tobacco." This definition of "tobacco

products", which excludes reference to electronic smoking devices and e-liquids, would be applicable to the new offense.

It should be noted that subsection (b)(1) on page 5, lines 8 to 11, seeks to exempt tobacco products "from taxes as provided by section 245-3(b) or are otherwise exempt from the applicability of this chapter as provided by section 245-62[.]" Emphasis added. Section 245-62, HRS, provides in part:

"(a) This chapter shall not apply to:

- (1) Cigarettes allowed to be imported or brought into the United States . . . ;
- (2) Cigarettes sold or intended to be sold as duty-free . . . ;
- (3) A delivery service when engaged in the business of transporting or delivering packages or other containers of cigarettes,"

(Emphasis added.)

As section 245-62, HRS, only applies to cigarettes, the reference to section 245-62, HRS, at page 5, lines 9 through 11, should be stricken so the paragraph reads:

"(1) The tobacco products are exempt from taxes as provided by section 245-3(b); or"

Another option would be to amend section 245-62, HRS, to include tobacco products. The Department recommends that reference to section 245-62, HRS, be stricken from the new offense.

Additionally, the definition of "electronic smoking device" on page 6, line 16 through page 7, line 7, makes reference to "aerosolized or vaporized nicotine" and a "substance intended to be aerosolized or vaporized during the use of the device[.]" The definition does not include the term e-liquid. The Department suggests that the phrase "or any other substance" be added to page 6, line 17, following the word nicotine, and the phrase "e-liquid or other" be added to page 7, line 1, before the word "substance" so the definition starting on page 6, line 16, reads as follows:

"Electronic smoking device" means any device that can be used to deliver aerosolized or vaporized nicotine or any other substance to the person inhaling from the device, including but not limited to an e-cigarette, e-cigar,

e-pipe, vape pen or e-hookah. "Electronic smoking device" includes any component, part, or accessory of such device, whether or not sold separately, and includes any e-liquid or other substance intended to be aerosolized or vaporized during the use of the device. . . . "

Expanding the definition of "electronic smoking device" to include "other substances" would take into account that not all aerosolized or vaporized substances used in electronic smoking devices contain nicotine. Including "e-liquid or other substance" in the definition adds clarity to the definition by using a common term that will be clearly understood by applicants for a retail tobacco permit.

For clarity, a definition of "e-liquid" should be added as a definition to section 245-1, HRS. The following definition of "e-liquid" could be inserted in section 3, starting on page 6, line 13:

Section 245-1, Hawaii Revised Statutes, is amended by adding two new definitions to be appropriately inserted and to read as follows:

""Electronic smoking device" means . . .

"E-liquid" means any liquid or like substance, which may or may not contain nicotine, that is designed or intended to be used in an electronic smoking device, whether or not packaged in a cartridge or other container. "E-liquid" shall not include prescription drugs; medical cannabis or manufactured cannabis products pursuant to chapter 329D; or medical devices used to aerosolize, inhale, or ingest prescription drugs, including manufactured cannabis products manufactured or distributed in accordance with section 329D-10(a)."

Finally, this bill repeals part XII of chapter 28, HRS. See section 8, page 15, lines 7 to 8. By requiring retailers to specify if their retail establishment sells electronic smoking devices or e-liquids when applying for or renewing a retail tobacco permit renders the Electronic Smoking Device Retailer Registration Unit established under part XII of chapter 28, HRS, unnecessary. Including electronic smoking devices and e-liquids under the purview of the Department of Taxation would conserve resources and make the regulation of electronic smoking devices and e-liquids a more efficient process

for retailers and the State. The Department supports the repeal of part XII of chapter 28, HRS.

Thank you for the opportunity to provide comments.



**American
Heart
Association.**

American Heart Association testimony for HB 598, HD 2 “Relating to Tobacco Products” with suggested amendment

Chairman of the Board

Glen Kaneshige

President

Michael Lui, MD

Board Members

Rick Bruno, MD, FACEP

Jackie De Luz

Brandt Farias

Jason Fujita

Mimi Harris

Zia Khan, MD

Brandon Kurisu

Arnold Martines

Michael Rembis, FACHE

Andrew S. Rosen

Timothy Slottow

Jennifer Walker

The American Heart Association supports the intent of HB 598, HD2, but requests the following amendment. Please restore the bill to its original language of HB 598 which would require licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

Cigarette smoking is responsible for more than 480,000 deaths per year in the United States, including more than 41,000 deaths resulting from secondhand smoke exposure. This is about one in five deaths annually, or 1,300 deaths every day. Total economic cost of smoking in the U.S. is more than \$300 billion a year, including nearly \$170 billion in direct medical care for adults. More than \$156 billion in lost productivity due to premature death and exposure to secondhand smoke. In Hawaii alone, it annually claims 1,100 lives each year and \$526 million in healthcare costs are directly attributed to smoking in our state.

Hawaii is in the midst of a youth epidemic concerning the use of electronic smoking devices. Hawaii has the highest rate of middle school-aged student use of those products in the nation, and the second highest high school student usage rate. The American Heart Association is working to combat this problem the same way we have battled health problems for nearly a century: We’re relying on the science.

Even though there is more work needed to fully understand all the dangers of e-cigarettes, there’s plenty of evidence they’re harmful for growing minds and bodies.

Here’s a look at the latest science about vaping and nicotine, as well what science hasn’t uncovered yet.

Safety of vaping vs. cigarettes

One of the most basic things people want to know is whether vaping is better for you than cigarettes. It’s easy to jump to the conclusion that vaping is better. After all, there is no mystery about smoking: It can kill you.

The problem is, no one knows if vaping is safe in the long run because e-cigarettes haven’t been around long enough to be studied deeply. Some diseases can take years and even decades to develop, including cancer and atherosclerosis (artery blockages that can cause heart attacks and strokes).

Another reason it’s difficult to study vaping is that people switch back and forth between smoking, vaping and not using either. We can see short-term effects in animals exposed to one or another, but understanding long-term effects requires long-term studies.

In addition to a lack of sufficient research, some contents of e-cigarettes remain unknown. The Food and Drug Administration – responsible for judging the safety of

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things Americans put into their bodies – has not yet evaluated these products for safety.

We do know that the lines between the vaping industry and Big Tobacco have blurred. Altria, the maker of Marlboro and Skoal, has invested more than \$12 billion into Juul, which makes e-cigarettes that are extremely popular with young people. The investment was 35% of Juul’s value at the time of the purchase.

Big Tobacco has a history of misrepresenting facts about nicotine and smoking. So vaping-safety claims from industry or research supported by industry should be met with skepticism. For example, there’s the claim that vaping produces only water “vapor” or aerosols – which sound far healthier than cigarette smoke. But there is a lot more than water in that aerosol.

The aerosols in some e-cigarettes have been found to contain multiple chemicals known to be toxic. Some aerosols contain heavy metals and other toxic ingredients (like the volatile organic compounds you try to avoid in some house paint).

Some of the flavors designed to make e-cigarettes more attractive to children have been shown to harm lung tissue, heart muscle cells, the lining cells of blood vessels, and the cells we need for blood clotting after injury.

These studies have been done in cells from human volunteers, and in some cases, the functions of these cells have been studied in volunteers after they vape.

Even the chemicals used to deliver the aerosol (like propylene glycol or glycerol) can be toxic, as can the heavy metals often produced by these delivery systems themselves. And remember, aerosols are inhaled deep into the lungs, where their effects may be long-lasting.

The idea that vaping is a better way to quit cigarettes than reliable methods using FDA-approved nicotine replacement products isn’t backed up by the weight of science.

Of the small number of studies about this, most show no advantage for e-cigarettes over the temporary use of FDA-approved products such as gum, lozenges and patches. The latter products have been proven helpful as part of an overall program for quitting, which should also include counselling and can include medications to reduce cravings.

One study frequently cited by industry and its supporters did show e-cigarettes to be effective in stopping smoking. However, as is often the case with science, that part of the study’s results doesn’t tell the whole story.

The study, published in *The New England Journal of Medicine*, was conducted in England. That’s significant because the e-cigarettes in England are far different from those in the U.S. English products have much lower levels of nicotine, and physicians there actually encourage their use to quit smoking.

Two reports from Public Health England are often referenced for stating “e-cigarettes are less harmful than combustible cigarettes.” But those studies did not compare e-cigarette use to zero-nicotine exposure. And, those reports rely on small studies or reviews sponsored by organizations supported by Big Tobacco.

Some U.S. smokers have used e-cigarettes to quit, but a growing body of studies shows that approach doesn’t work for many people. They cut back, but they still smoke while vaping and they remain addicted. That’s called “dual use” in public health literature. The dangers of cigarettes remain, with the added dangers of vaping.

Unfortunately, dual use is a major problem among young people. Dual use also is something the American Heart Association is working to address through our massive new initiative combatting youth vaping called #QuitLying. Research shows some kids who had never smoked but began their exposure to nicotine by vaping later switched to smoking or did both.

The Association advises anyone quitting smoking to get off nicotine products altogether, using FDA-approved tools proven to be effective. We also don’t want anyone to ever start any nicotine-containing product.

When discussing the dangers of e-cigarettes, many people think about the tragic outbreak of vaping-related deaths across the country. As an organization we are extremely concerned about this problem, which is still being investigated and has been linked to vaping THC well as using “off-brand” e-cigarette products.

But nicotine remains a major concern about e-cigarettes. They can contain unusually high levels of nicotine. One e-cigarette refill pod can contain as much nicotine as an entire pack of cigarettes and kids are sometimes vaping 2-4 pods a day. And open pod e-cigarette products popular among Hawaii youths can contain even much more nicotine.

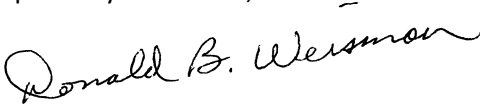
That’s especially troubling because many studies in animals show nicotine is a neurotoxin (a poison affecting the nervous system). It can affect brain development from early fetal life through adolescence, permanently changing the ability to think or reason.

The National Academies of Science, Engineering and Medicine and the World Health Organization believe nicotine delivery via e-cigarettes during pregnancy can adversely affect the development of the fetus and can affect immune system and lung function.

E-cigarettes are now the most popularly used tobacco product among Hawaii’s youth. According to recent Department of Health data, over 40 percent of Hawaii’s youths have tried e-cigarettes, and 30 percent are now regular users. On neighbor islands, regular use of e-cigarettes by youths tops 30 percent.

The American Heart Association of Hawaii urges you to amend HB 598, HD 2, to its original language as a way to create parity between e-cigarette and traditional tobacco product regulations and taxes, and to help reduce Hawaii youth vaping epidemic.

Respectfully submitted,

A handwritten signature in black ink that reads "Donald B. Weisman". The signature is written in a cursive style with a horizontal line above the name.

Donald B. Weisman
Government Relations/Communications Director



Corey Rosenlee
President

Osa Tui, Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE

RE: HB 598, HD2 - RELATING TO TOBACCO PRODUCTS

THURSDAY, FEBRUARY 25, 2021

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Luke and Members of the Committee:

The Hawaii State Teachers Association **supports HB 598, HD2**, relating to tobacco products, **with suggested amendment, to restore this bill to original language of HB598** to require licensing/permitting for electronic smoking device wholesalers and retailers **and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price)**.

Currently this bill establishes the offense of unlawful shipment of tobacco products. Increases the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products. Increases the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products. Allocates a portion of funds collected from excise taxes on tobacco products to health education and prevention programs concerning the risks and dangers of the use of electronic smoking devices for youth. Repeals certain provisions of the Hawaii Revised Statutes relating to electronic smoking devices. Effective 7/1/2050. (HD2)

The Hawaii State Teachers Association supports not only taxing vaping products in the same way that other tobacco products are taxed and regulated, but we also support an amendment to ban flavored vaping products as well.

In September 2009, the FDA banned flavored cigarettes. The ban was intended to end the sale of tobacco products with chocolate, vanilla, clove and other flavorings that lure children and teenagers into smoking. According to Dr. Margaret A. Hamburg, commissioner of food and drugs for the FDA from 2009 – 2015 “flavored cigarettes are a gateway for many children and young

adults to become regular smokers.” **Nevertheless, here we are in 2021 with a proliferation of flavored tobacco in the form of e-liquids luring our children into becoming lifelong and habitual nicotine users.**

The use of e-smoking products among youth is at epidemic levels. According to data from the Centers for Disease Control and Prevention and the Food and Drug Administration’s National Youth Tobacco Survey, **the percentage of high school-age children reporting past 30-day use of e-cigarettes rose by more than 75 percent between 2017 and 2018. Use among middle school-age children also increased nearly 50 percent.** Furthermore, 1 in 5 high school students reported using e-cigarettes in the past month according to the Surgeon General. **Locally, Hawaii’s 2017 Youth Risk Behavior Survey revealed that over 42% of Hawaii high school students have tried using electronic smoking devices and over 25% of Hawaii high school students indicated that they are regular users. Our schools are seeing a rise in cases of e-cig use even in our elementary schools now.**

Adolescence is a time of crucial brain development; it has been documented that nicotine exposure during adolescence and young adulthood can cause addiction and harm the developing brain. Additionally, nicotine is not the only harmful ingredient in electronic smoking devices; other harmful and potentially harmful ingredients include ultrafine particles that can be inhaled deep into the lungs, flavorants such as diacetyl, a chemical linked to serious lung disease, volatile organic compounds, and heavy metals such as nickel, tin, and lead.

The electronic cigarette industry has gone largely unregulated for far too long and has therefore been able to market their products both directly and indirectly to our youth. It is time that regulation of the e-cigarette/vaping industry be on par with the regulation of traditional tobacco products. As such, we should align taxation of electronic smoking device products to that of other tobacco products. Because taxation of tobacco products is a proven strategy to reduce usage among youth, this bill would help deter children from not only trying e-cigarettes but also from becoming habitual users of these products.

Taxing tobacco products and cigarettes is a proven strategy to reduce youth initiation and encourage those who smoke or use tobacco products to quit. Licensing and permitting of retailers and wholesalers are critical for education and enforcement of existing laws.

Furthermore, the allocation of a portion of excise tax funds to go towards health education, prevention, and nicotine cessation programs extends protections for our youth and goes hand in hand with the regulations



Corey Rosenlee
President

Osa Tui, Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

outlined in this bill as well as a portion of the collections going to our state's general fund to shore up our lost revenue as a state.

We oppose any increase of any fines for youth being added to this bill, as we feel they are the victims in this case. It is the predatory tactics of the vaping industry on our youth that need to be regulated and taxed. So please do NOT add any fines or punishment on our youth who are the victims here.

Because research shows that increasing the cost of tobacco products, through taxes, decreases the amount used by youth. The price point does matter. We respectfully ask you to **support** this bill.



Hawaii Dental Association

To: House Committee on Finance
Time/Date: 1:00 p.m., February 25, 2021
Location: State Capitol Room 329 and Via Teleconference
Re: HB 598 HD2, Relating to Tobacco Products

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee:

The Hawaii Dental Association (HDA) is a professional association comprised of approximately 950-member dentists. **We are in support of HB 598 HD2**, relating to tobacco products. This bill establishes the offense of unlawful shipment of tobacco products, increases the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products, and increases the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products. Among other provisions, it allocates a portion of funds collected from excise taxes on tobacco products to health education and prevention programs concerning the risks and dangers of the use of electronic smoking devices for youth.

HDA expresses its opposition to use of oral tobacco, including vaping nicotine from e-cigarettes, and urges people using any type of tobacco product to quit. Tobacco use is causally associated with higher rates of tooth decay, receding gums, periodontal disease, mucosal lesions, bone damage, tooth loss, jaw bone loss and more. That is why the Hawaii Dental Association, like the American Dental Association, is working with dentists, educators, public health officials, lawmakers, and the public to prevent and, hopefully, eliminate the use of all tobacco products. HDA supports regulatory and legislative action to ban the sale and distribution of all e-cigarette and vaping products, with the exception of those approved by the FDA for tobacco cessation purposes and made available by prescription only. We will continue to support legislation aimed at enhancing and promoting oral health.

HDA is a statewide membership organization representing dentists practicing in Hawaii and licensed by the State of Hawaii's Board of Dentistry. HDA members are committed to protecting the oral health and well-being of the people of Hawaii, from keiki to kupuna and everyone in between.

Mahalo for the opportunity to testify in support of HB 598 HD2.



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Charlie Gustafson, Tamura Super Market, *Vice Chair*
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Lauren Zirbel, HFIA, *Executive Director*
John Schlif, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

TO:
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 25, 2021
TIME: 1pm
PLACE: Via Videoconference

RE: HB598 HD2 Relating to Tobacco Products

Position: Comments

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA supports portions of this bill that seek to regulate the shipping of electronic smoking devices and e-liquid. Data¹ shows that the majority of underage people who use electronic smoking devices buy them online or get them from their friends. A relatively small percentage purchase them in stores that sell tobacco products since these businesses already have established and enforced age restriction in place. Regulating the shipping of these products is a common-sense way to keep them out of the hands of young people.

We oppose the section of this bill that seek to increase fees on retail tobacco licenses and permits. This measure would increase the license fee for tobacco by 10,000%, which is excessive and unnecessary.

Hawaii has the second highest tobacco taxes of any state. By attempting to increase license and permit fees, this bill unfairly and misguidedly targets retailers and wholesalers rather than tobacco users.

¹ <https://www.cnn.com/2019/07/03/commentary-convenience-stores-say-teen-vaping-to-worsen-in-fda-plan.html>

There is no nexus between license fees and smoking cessation. Retailer license fees exist to pay for the licensing process and enforcement; these fees were not created to fund other programs. Using licensing fees to fund programs for which they were not intended creates a situation where fees are likely to rise unpredictably, this impedes retailers' ability to budget and creates unnecessary financial and administrative burdens. We thank you for the opportunity to testify.



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 25, 2021**

Re: HB 598 HD2 Relating to Tobacco Products

Good afternoon Chair Luke and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

We are in **STRONG OPPOSITION** to HB 598 HD1 Relating to Tobacco Products. This measure establishes the offense of unlawful shipment of tobacco products. Increases the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products. Increases the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products; allocates a portion of funds collected from excise taxes on tobacco products to health education and prevention programs concerning the risks and dangers of the use of electronic smoking devices for youth; repeals certain provisions of the Hawaii Revised Statutes relating to electronic smoking devices; and is effective 7/1/2050.

Many retailers statewide are already operating on a thin margin and face stiff competition. Retail is one of the hardest hit industries during this pandemic. We see almost daily stores closing around our neighborhoods due to the affects this pandemic is having on our economy.

It is not fair to categorize vapor products and e-liquids as a tobacco product. They are not the same. Many E-cigarettes contains NO tobacco, and NO smoke is emitted when vaporized. The New England Journal of Medicine published an article last year that found that e-cigarettes were nearly twice as effective as conventional nicotine replacement products, like patches and gum, for quitting smoking. The study was conducted in Britain and funded by the National Institute for Health Research and Cancer Research UK.

Retail has changed over the years in how products are purchased. We are seeing a surge in online sales for all types of merchandise. It almost impossible for anyone under the age of 21 to purchase vape products from reputable law abiding local online or at a brick-and-mortar retail store. The online verifications vetting process is intense to ensure those purchasing is 21 or older.

The majority of the vape shops on our islands are responsible and have a policy that they will not sell a vape device or cigarettes to anyone 21 years old and under. Retailers often go as far as to not selling to the adult that accompanies the minor into the store if it is revealed that the device or product that they are seeking to purchase is for the minor. Retailers have no control over their products once they are sold and the customer walks out the door with them. It is often the case that an adult family member or friend that purchases the vape devices for the minors and gives the devise to the minor away from the retail store.

Raising the tobacco tax and permit fee will truly hurt locally owned businesses, especially the small locally owned businesses' and may potentially force some of them to close. This would mean many small local businesses like the convenient corner store and locally owned vape stores would be gone and leaving our friends, family, and neighbors out of work.

Retailers like many businesses are struggling to survive and keep their employees employed. Many cannot afford an increase in doing business. We hope that you will hold this bill.

Mahalo again for this opportunity to testify.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Include electronic smoking devices, hike fees

BILL NUMBER: HB 598, HD2

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Establishes the offense of unlawful shipment of tobacco products. Increases the license fee for persons engaged as a wholesaler or dealer of cigarettes and tobacco products. Increases the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products. Allocates a portion of funds collected from excise taxes on tobacco products to health education and prevention programs concerning the risks and dangers of the use of electronic smoking devices for youth. Repeals certain provisions of the Hawaii Revised Statutes relating to electronic smoking devices.

SYNOPSIS: Adds a new section to chapter 245, HRS, to establish the offense of unlawful shipment of tobacco products.

Amends section 245-1, HRS, to define “electronic smoking device” as any device that can be used to deliver aerosolized or vaporized nicotine to the person inhaling from the device, including but not limited to an e-cigarette, e-cigar, e-pipe, vape pen or e-hookah. "Electronic smoking device" includes any component, part, or accessory of such device, whether or not sold separately, and includes any substance intended to be aerosolized or vaporized during the use of the device. "Electronic smoking device" does not include any battery or battery charger when sold separately. In addition, "electronic smoking device" does not include drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration, as those terms are defined in title 21 United States Code chapter 9.

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

Amends section 245-2.5, HRS, to raise the annual fee for a retail tobacco permit from \$20.00 to \$300.00.

Amends section 245-15, HRS, to earmark \$750,000 annually to the Hawaii tobacco prevention and control trust fund (section 328L-5, HRS) to support health education and prevention programs concerning the risks and danger of the use of electronic smoking devices for youth.

Repeals part XII of chapter 28, HRS (sections 28-161 through 28-168), relating to Electronic Smoking Device Retailer Registration Unit.

Repeals section 245-17, HRS, relating to delivery sales.

Makes technical and conforming amendments.

EFFECTIVE DATE: 7/1/2050.

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?

As the Foundation's previous President, Lowell Kalapa, wrote in the Tax Foundation of Hawaii's weekly commentary on October 28, 2012:

Lawmakers seem to have a simplistic reaction to solving problems the solution to which plagues their constituents – tax it.

Probably the best example is what people like to call sin taxes, those excise taxes that are levied on tobacco and alcohol products. After all, smoking causes cancer and alcohol causes all sorts of problems including driving under the influence. Lawmakers and community advocates shake their heads and push for higher tax rates, arguing that making these products more expensive will deter folks from using these products.

The problem is that lawmakers also like the revenues that are generated from the sales of these products and, in some cases, they have tried to link the use and sale of these products with noble causes such as the funding of the Cancer Research Center that is currently being built. Again, the argument is that smokers should pay for programs and projects which seek to cure the related ill which in this case is cancer caused by smoking.

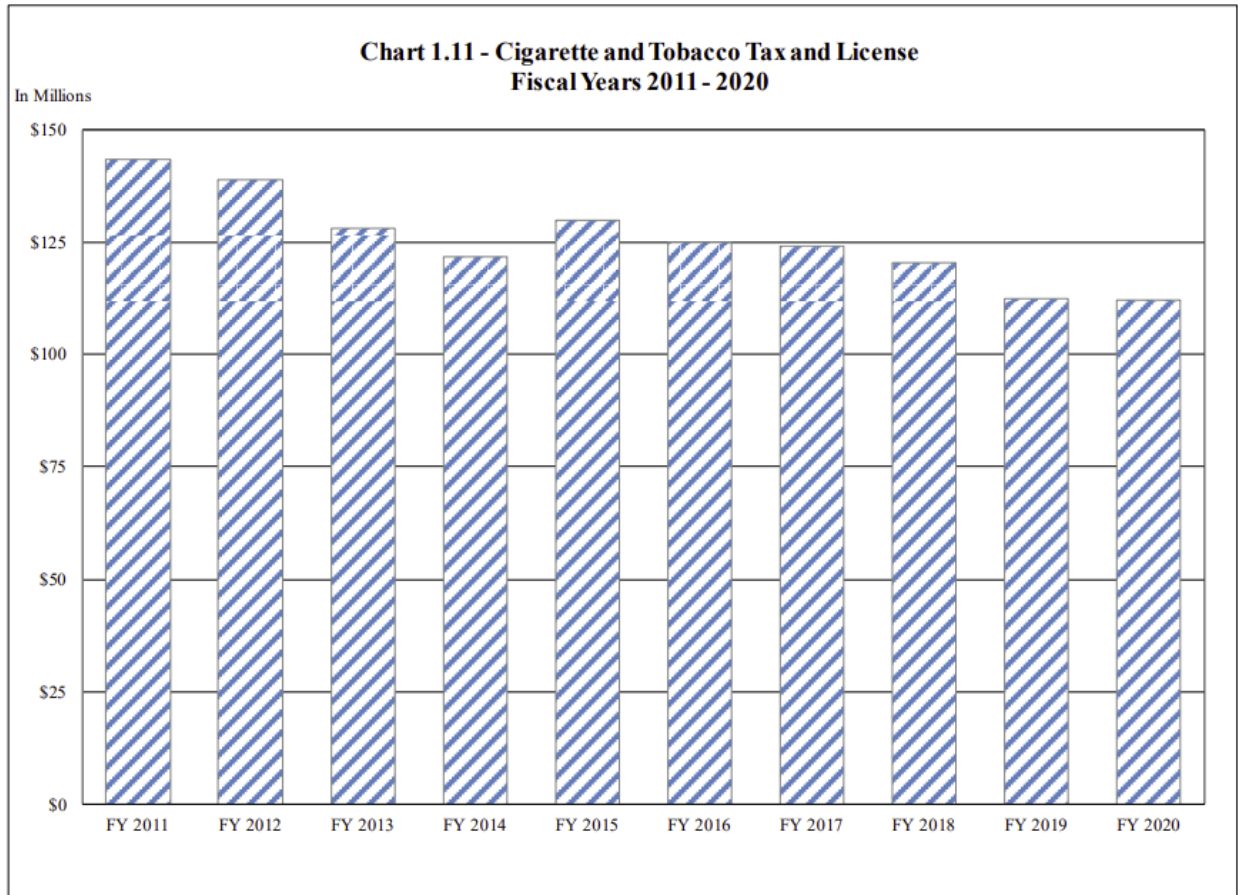
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers from smoking and if successful, there won't be any revenues to fund the Cancer Research Center?

The fact of the matter is that it appears that both locally and nationally, higher taxes on cigarettes are influencing smokers as tax collections on the sale of cigarettes have fallen. Certainly some of the decline is due to smokers actually quitting, but to some degree one has to suspect that some purchases were made via mail order from exempt Indian reservation outlets while others may be what is called gray market purchases, that is from sources outside the country.

What should come as a surprise is that most of the folks who have quit are of some means as they are more likely to recognize the health hazard caused by use of this product. That means most of those who are still smoking are among the lower-income members of our community. Thus, the tax is regressive, generating less and less collections from middle and higher-income individuals.

As predicted, programs that have been fed by earmarks from the tobacco tax, like the Cancer Research Center, have become a victim of the success of tobacco cessation programs and publicity. Revenues produced by the tobacco tax have been in steady decline over the past few

years despite tax rate increases, and hoisting the smoking age to 21 in the 2015 session certainly didn't reverse the trend.



Source: Department of Taxation Annual Report (2019-2020), page 23.

Fiscal reliance on funds from a sin tax is inadvisable, perhaps outright dangerous. If the goal is to affect social behavior, use of the tax law is not the most effective way to do so.

Digested 2/23/2021



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Date: February 24, 2021

To: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Members of the Finance Committee

Re: Comments to HB 598, HD2, Relating to Tobacco Products

Hrg: February 25, 2021 at 1:00 PM via Videoconference

The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Instituteⁱ **supports the intent of HB 598, HD2**, which aims to (1) establish the offense of unlawful shipment of tobacco products; (2) increase the price of the tobacco license and permit; (3) fund health education and prevention programs relating to risks and dangers of electronic smoking devices (ESDs) youth use; and (4) repeal various statutory provisions relating to ESDs.

The Coalition notes that the removal of ESDs from the tobacco definition removes ESDs from the restrictions referenced above. Therefore, **the Coalition recommends the original language of HB 598**. This language includes ESDs in the definition of tobacco products, thus taxing ESDs at 70% of the wholesale price, the same rate of other tobacco products, and requires ESD retailers and wholesalers to obtain tobacco permits and licenses.

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

In 2019, 1 in 3 (30.6%) public high school students and more than 1 in 6 (18%) public middle school students in Hawai'i reported that they are regularly vapingⁱⁱ. Because ESDs 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 cigarettes are dangerous and a health threat to youth and young adultsⁱⁱⁱ. According to an article published by Dr. Jackler and Dr. Ramamurthi, "JUUL has triggered a widespread rush among aerosol purveyors to market e-liquid in unprecedentedly high nicotine concentrations^{iv}."

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 poll^v conducted by Ward Research Inc. for the Coalition in October 2020, 91% 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. Raising taxes and increasing the price of tobacco products is a proven strategy to reduce consumption for both adults and youth.

The Coalition supports establishing an ESD tax and appreciates that this measure dedicates a portion of the tax revenue to tobacco prevention and control programs. In the same poll conducted by Ward Research, 95% of registered Hawai'i voters believe it is important to dedicate some of the funding from an ESD tax to tobacco prevention and cessation programs.

COVID-19 Risks

In May 2020, Stanford University published a landmark study^{vi} that found teens and young adults that use e-cigarettes had a five to seven times greater chance of being diagnosed with COVID-19 than those that did not use e-cigarettes. Considering the 2019 YRBS results that documented an increase in youth e-cigarette use, this finding is incredibly concerning. To put this into perspective, there are 52,042 high school students enrolled in Hawai'i public schools. Using the most recent YRBS data, that translates to nearly 16,000 Hawai'i high schoolers that used an e-cigarette in the last 30 days, and may be five to seven times more likely to be diagnosed with COVID-19 than their nonsmoking peers. Global pandemic or not, these numbers are unacceptable, and there is an increased urgency for regulatory action in light of the increased risk of COVID-19. With no end in sight for the COVID-19 crisis, it is imperative that Hawai'i passes comprehensive legislation regulating e-cigarettes to curb usage and protect the health of our keiki.

ESD licensing and permits protect both consumers and merchants.

The Coalition supports requiring ESD sellers and vendors obtain a tobacco permit and/or license which is currently required for any tobacco retailer or wholesaler. This consistency would assist with the communication and enforcement of current tobacco tax and purchase laws. In addition, the Coalition supports the proposed increased fees for the tobacco permit and license.

This measure strengthens federal regulations on the online sales of e-cigarettes.

The "Preventing Online Sales of E-Cigarettes to Children Act" expands the 2009 Prevent All Cigarette Trafficking (PACT) Act to cover electronic smoking devices, requiring age verification by online retailers and private delivery companies, labeling on packaging to indicate they contain tobacco products, compliance with state and local tobacco taxes, and prohibiting shipments of electronic smoking devices through USPS^{vii}. However, private delivery companies like UPS and FedEx to deliver e-cigarettes to consumers. States have the authority to impose stricter regulations, and at least six states have laws that prohibit direct-to-consumer shipments of e-cigarettes. This measure would restrict shipments of ESDs to registered and licensed seller, allowing the State to enforce current tobacco selling and taxation laws. According to the same

independent poll conducted by Ward Research, 82% of Hawai'i registered voters support prohibiting on-line sales of ESDs and e-liquid.

With the COVID-19 pandemic, measures to improve health are of increased importance. We need to take action and regulate electronic smoking devices for our kids. The former Surgeon General, VADM Jerome Adams issued an advisory in December 2018 “emphasizing the importance of protecting our children from a lifetime of nicotine addiction and associated health risks by immediately addressing the epidemic of youth e-cigarette use. The recent surge in e-cigarette use among youth, which has been fueled by new types of e-cigarettes that have recently entered the market, is a cause for great concern. We must take action now to protect the health of our nation’s young people^{viii}.” Hawai'i has made enormous progress on tobacco control and we ask the legislature to take the necessary steps to reverse our youth vaping epidemic in order to save our youth from a lifetime of addiction.

Thank you for the opportunity to testify. We support the intent of HB 598, HD2 and recommend reverting to the original language of the bill.

Mahalo,



Jessica Yamauchi, MA
Executive Director

ⁱ 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 than 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.

The Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

ⁱⁱ 2019 Youth Risk Behavior Surveillance System (YRBS). Available at: www.cdc.gov/yrbs. [Accessed on 02/03/2021].

ⁱⁱⁱ 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

^{iv} Jackler RK, Ramamurthi D. Tob Control Epub ahead of print: 2.6.19.doi:10.1136/tobaccocontrol-2018-054796. <https://tobaccocontrol.bmj.com/content/early/2019/01/31/tobaccocontrol-2018-054796>

^v This study by Ward Research, Inc. summarizes findings from a phone survey among n=800 Hawaii registered voters (maximum sampling error +/-3.3%), conducted between September 21 – October 16, 2020.

^{vi} Gaiha SM, Cheng J, Halpern-Felsher B. Association Between Youth Smoking, Electronic Cigarette Use, and COVID-19. *J Adolesc Health*. 2020;67(4):519-523. doi:10.1016/j.jadohealth.2020.07.002

^{vii} Public Health Law Center. (2021, January 27). Deliver us from evil: E-cigarettes and the PACT Act. Retrieved from <https://www.publichealthlawcenter.org/webinar/deliver-us-evil-e-cigarettes-and-pact-act>.

viii Surgeon General Advisory, December 2018, <https://e-cigarettes.surgeongeneral.gov/documents/surgeon-generals-advisory-on-e-cigarette-use-among-youth-2018.pdf>



To: The Honorable Representative Sylvia Luke, Chair
The Honorable Representative Ty Cullen, Vice-Chair
Committee on Finance

From: Trish La Chica, Community and Government Relations Manager, External Affairs

Hrg: February 25, 2021 at 1:00pm, Room 308/Zoom

RE: **HB598 HD2 Relating to Tobacco Products – Support with Comments**

AlohaCare appreciates the opportunity to provide testimony in **support** of **HB598 HD2**, which is a measure to regulate e-cigarettes by closing the online purchasing loopholes, require permitting and licensing, and dedicate funds for tobacco prevention and education programs. This measure no longer taxes electronic smoking devices as of the HD1.

Founded in 1994, AlohaCare is a community-rooted, non-profit health plan serving 73,000 Medicaid and dual-eligible health plan members on all islands. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating access to quality health care for all. We believe that health is about supporting whole-person care, including access to housing and food security, to build a stronger, healthier Hawaii.

AlohaCare offers the following comments. AlohaCare applauds this measure's approach to regulate electronic smoking devices and protect public health. AlohaCare believes that taxation in addition to regulating the online shipment of tobacco products is necessary to improve the health of Hawaii's keiki and protect them from becoming the next generation addicted to nicotine. AlohaCare respectfully requests that the existing tax rate of 70% on wholesale products be applied to all electronic smoking devices and e-liquids as it is important to treat all ESDs and e-liquids as tobacco products for the protection of public health. Increasing prices through taxation is a proven strategy to reduce consumption and initiation of tobacco products. Tobacco consumption results in health problems that creates hundreds of millions in added health care costs for the State and contributes to health disparities and poor health outcomes.

AlohaCare believes that this measure will help to regulate an industry that has contributed to the public health crisis that resulted in an outbreak of 2,807 e-cigarette or vaping product use-associated lung injury (EVALI) cases or deaths. [A 2020 Stanford study](#) has found that young adults who vape were five to seven times more likely to get the COVID-19 virus.

Hawaii has been experiencing a youth vaping epidemic and we appreciate the Legislature's actions to protect our young people's health from the vaping and tobacco industry's efforts to get them addicted to life-threatening habits. Mahalo for this opportunity to testify in **support of HB598 HD2**.

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Call: 973-0712 • Toll-free: 1-877-973-0712 • Fax: 808-973-0726 • www.AlohaCare.org



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Honolulu, Hi 96817
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www.fightcancer.org

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Hearing Date: Thursday, February 25, 2021

HB 598 HD2 – RELATING TO TOBACCO PRODUCTS.

Cynthia Au, Interim Government Relations Director – Hawaii Pacific
American Cancer Society Cancer Action Network

Thank you for the opportunity to SUPPORTS the intent and offer amendments to HB 598 HD2 – RELATING TO TOBACCO PRODUCTS. Please restore the bill to its original language of HB 598 which would require licensing and permitting for electronic smoking device wholesalers and retailers, and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

The American Cancer Society Cancer Action Network (ACS CAN), the nonprofit, non-partisan advocacy affiliate of the American Cancer Society advocates for public policies that reduce death and suffering from cancer. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem.

ACS CAN supports regular and significant tax increases on all tobacco products, including e-cigarettes, to reduce tobacco use and recommends defining e-cigarettes as a tobacco product and regulating them as such. To maximize health and revenue gains, simplify tax collections, and make many dangerous and addictive products that are attractive to kids cost prohibitive, ACS CAN recommends taxing all e-cigarettes as a tobacco product at a percent of their price parallel to the cigarette tax rate and to require licensing and permitting for electronic smoking device wholesalers and retailers to create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

We have serious concerns in the creation of new categories of products, as some products may be exempt from various tobacco control laws, and as it is defined in the bill may not capture all products. We recommend that the bill be amended to add “electronic smoking devices” to the definition of “tobacco products” for the purpose of licensing and permitting and for tax parity. Here are our recommended definitions:

“Electronic smoking device” means any device that can be used to deliver aerosolized or vaporized nicotine to the person inhaling from the device, including, but not limited to, an e-cigarette, e-cigar, e-pipe, vape pen or e-hookah. Electronic smoking device includes any component, part, or

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accessory of such a device, whether or not sold separately, and includes any substance intended to be aerosolized or vaporized during the use of the device. Electronic smoking device does not include any battery or battery charger when sold separately. In addition, electronic smoking device does not include drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration, as those terms are defined in the Federal Food, Drug and Cosmetic Act.

“Tobacco product” means any product that is made from or derived from tobacco, or that contains nicotine, other than cigarettes or little cigars, that is intended for human consumption or is likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled or ingested by any other means, including, but not limited to, a cigarette, a cigar, pipe tobacco, chewing tobacco, snuff, or snus. “Tobacco product” also means electronic smoking devices and any component or accessory used in the consumption of a tobacco product, such as filters, rolling papers, pipes, and substances used in electronic smoking devices, whether or not they contain nicotine. “Tobacco product” does not include drugs, devices, or combination products authorized for sale by the U.S. Food and Drug Administration, as those terms are defined in the Federal Food, Drug and Cosmetic Act.

We recommend that the shipment of tobacco products be shipped directly to in-state licensed tobacco retailers. Any consumer who orders tobacco products online or otherwise should be required to pick-up their order in person at an in state licensed tobacco retailer. Any out of state tobacco retailer delivering products to Hawaii should also be licensed with the state. This will help prevent sales to anyone under the age of 21. ACS CAN also recommends requiring e-cigarette in and out of state retailers to apply and pay for a license and appear on the authorized licensed list published by the department.

Proceeds collected should go toward tobacco prevention and cessation for all tobacco products, including e-cigarettes, according to Centers for Disease Control and Prevention’s (CDC) best practices. CDC’s evidence-based recommendations for a comprehensive tobacco control program provides states with the needed framework to educate people on the dangers of tobacco use as well as connect people who are already addicted to tobacco to resources to help them quit. Comprehensive tobacco control programs establish smoke-free policies and social norms, promote tobacco cessation and support those trying to quit, prevent initiation of tobacco use among prospective new users including youth and reduce tobacco-

related health disparities among disparate populations.¹ When appropriately funded in accordance with CDC recommendations, comprehensive tobacco control programs are able to reduce tobacco use.²

Smoking has a monetary cost placed on the State of Hawaii. The annual health care costs in Hawaii directly caused by smoking is \$526 million. Medicaid costs caused by smoking in Hawaii is \$141.7 million annually. Residents' state & federal tax burden from smoking-caused government expenditures is \$835 per household. Smoking-caused productivity losses in Hawaii is \$387.3 million. These amounts do not include health costs caused by exposure to secondhand smoke, smoking-caused fires, smokeless tobacco use, or cigar and pipe smoking. Proportion of cancer deaths in Hawaii attributable to smoking is 24.6%.³

Thank you for the opportunity to comment on this matter and your consideration in adding life-saving recommendations to the bill.

¹ CDC, 2014.

² CDC, 2014.

³ ACS, State-Specific Smoking-Related Cancer Cases and Deaths, 2017 Updated December 3, 2020
<https://www.fightcancer.org/sites/default/files/State-Specific%20Smoking-Attributable%20Cancer%20Cases%20and%20Deaths%20Factsheet%20FINAL%2012.11.20.pdf>

Aloha House Committee on Finance,

Attached is a compilation of testimony for Thursday, February 25, 2021; 1:00 p.m.; State Capitol, Conference Room 308 in SUPPORT of HB 598 HD2 – RELATING TO TOBACCO PRODUCTS. for the following individuals:

Jenny Hausler, Citizen - Pearl City, 96782

Uri Martos, Citizen - Lihue, Kauai 96766

Gerico Demesillo, UH Undergraduate in Public Health Studies

Tyler Kamisato, UH Undergraduate in Public Health Studies - Mililani, 96789

Madeline Bush, UH Nursing Student - Hilo, 96720

LokeLani Chong - Hilo, 96720

Frank V. Guillermo - Waipahu, 96797

Cassandra Castillo - Ewa Beach, 96706

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

I support with amendments, HB 598 HD2 – RELATING TO TOBACCO PRODUCTS. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

Tobacco killed my husband two years ago from smoking. He ended up dying from COPD and had lung cancer. He suffered greatly before he passed away and died an early death.

We have 6 grandchildren that I don't want to have the same fate as their grandfather. Our keiki are a vulnerable group and must be protected. Don't make it easy for electronic smoking devices to get into the hands of our kids from accessibility online and for being cheap to buy.

Please pass HB 598 HD2 to save our children for the future.

Sincerely,

Jennifer Hausler
Pearl City, 96782

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

My name is Uri Martos, and I am writing to express my support with amendments for HB 598 HD2 – RELATING TO TOBACCO PRODUCTS to help stop our keiki from using tobacco products. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

I work right next to Wilcox elementary school and the Boys & Girls Club on Kauai. Everyday I am seeing more and more of Kauai's kids using e-cigarettes/vapes and it worries me terribly. These flavored tobacco products are targeting our children and hooking them on dangerous nicotine often for life. I'm afraid that Hawaii already has a high incidence of lung cancer and being a breast cancer survivor, I know firsthand the pain of dealing with this disease. I don't ever want our keiki to have to go through the hardship of having cancer or any other tobacco related illness. By simply eliminating these flavored tobacco products we will be able to save hundreds of our youth in Hawaii from becoming lifelong tobacco addicts.

I urge you to support HB 598 HD2. Thank you for the consideration of my testimony.

Mahalo,
Uri Martos
Lihue, Kauai 96766

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

As part of the generation that was close to getting rid of underage smoking and was later on exposed to the production of e-cigarettes, I support bill HB 598 HD2 – RELATING TO TOBACCO PRODUCTS with amendments. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

As a former vape user, I can confirm that the initial reasoning of consuming product was because everyone in my immediate surrounding was doing it and the flavor was strawberry. I was skeptical at first, but my peers assured me that it was the dosage that had 0 mg of nicotine in it. I was 17 at the time, and I thought it tasted and smelled good. Prior to the legal age of buying vape products being 21, it was 18. And when I had turned 18, my peers were vapers. We discussed how vaping is safer than smoking, and since they sell the 0 mg nicotine we could just buy than and not be addicted. That was when I was given my own e-cigarette, they were small pen looking devices at the time, and any vape product I bought were mainly just flavors, I purchased fruity flavors for me and dessert flavors for my friend.

I hid this part of my life from my family, and keeping it hidden was the most stressful part. It was one of the key reasons why I stopped, I didn't want to hide things from my family, but my

dad found out and he told me to just not do it in front of my mom and my siblings. When it came to thinking about my siblings and how they follow me were also the key reasons for me to stop. That is when I got rid of the pen; I broke it and gave it to my friend since they were still into vaping. Another reason I stopped was because of the looks, I notice people looking at me as I vaped, and I didn't like how I was being looked at, being judged.

As the age to purchase tobacco products raised to the age of 21, I had been given another vape product. Around this time, the e-cigarettes went from pen-looking, to big boxes that people called mods. The technology for vaping advanced fairly rapidly and these boxes promised larger intake which means bigger clouds. I was given a tiny version of these mods, and I was tempted to try it. I held onto this mod for almost a year, and then I threw it away, the feelings of guilt came back.

I can also confirm that the use of vape products turned into a gateway for drugs and alcohol. My former peers that kept through the path of vaping, are now out there going to raves and hitting up various of drugs. I see stories on socials of my old high school associates taking acid, doing cocaine, and taking various forms of marijuana products (edibles, smoking, etc.) before or after raves and huge social events. When it came to their day to day activities, it can be seen on their socials that they still use vape products to get them throughout the day. This concerns me because in my studies in personal research and in public health, there are no known long term effects for these products and given that a huge chunk of my generation and younger are consuming this product, I fear it may result in new forms of diseases and complications.

Gerico Demesillo
University of Hawaii at Manoa
Undergraduate in Public Health Studies

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

Thank you for the opportunity to submit testimony in SUPPORT with amendments of HB 598 HD2 – RELATING TO TOBACCO PRODUCTS. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

It's important to note the lack of health education geared towards informing our youth about the relative dangers and health harms of using these tobacco products. This bill would allocate a portion of the funds collected from excise taxes on tobacco products to health education and prevention programs, which would be highly beneficial for educating youth. There is a need for school health programs to prevent tobacco use and addiction. Schools are ideal settings in which to provide such programs to all children and adolescents. School-based tobacco prevention education programs that focus on skills training approaches have proven successful in the past by reducing the onset of smoking, according to numerous independent studies. Due to the considerable number of students that begin using tobacco products before the age of 15, it is imperative that school-based programs continue throughout high school.

The use of flavored tobacco products among the youth is now the most commonly used form of nicotine in the U.S. These products have the greatest appeal to the younger generation who are in fact, novice smokers. Tobacco companies are producing and marketing deadly, addictive products that look and taste just like the sweets kids can purchase at a candy shop. The use of these flavoring agents help ease youth into smoking since without it, the tobacco flavor alone could be a deterring factor. I personally see too many of our keiki using these tobacco products with their friends outside of school. Many of them are under the impression that smoking e-cigarettes instead of actual cigarettes is better for their health. They also are unaware that these e-cigarettes contain a high amount of nicotine, which could be detrimental to their health in the future. Hawaii needs to do more if we are to stop this growing epidemic from spreading to younger and younger generations. This bill is an imperative next step in tobacco control if HB 598 HD1 were to be enacted into law. I highly encourage the committee to consider passing HB 598 HD1 for the future of our keiki. Thank you again for the opportunity to testify.

Sincerely,
Tyler Kamisato
Mililani, 96789

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

My name is Madeline Bush and I **support** with amendments HB 598 HD2 – RELATING TO TOBACCO PRODUCTS. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

Vaping is an extremely prevalent issue that our country and the world have been facing for over a decade. E-cigarettes were originally created for the purpose of helping people who smoked tobacco cigarettes quit and reduce their exposure to tobacco. However, the companies that created these e-cigarette devices knew if they helped people quit, they would also begin losing money. Their strategy consisted of promoting a form of smoking that was “healthy”, little did people know the contents within these products had equally if not more nicotine than regular cigarettes. In a study that was performed over the course of six years (2012-2018), “The lifetime prevalence of cigarette smokers slightly decreased from 60.9% in 2012 to 56.9% in 2018, whereas the proportion of vaping users substantially increased from 32.9% in 2013 to 52.0% in 2018” (Cerrai et al., 2020). People wanted to quit smoking and many began smoking e-cigarettes when all along they were simply part of a larger plan and were just beginning a new journey of addiction.

The trend to vape quickly became popular among adolescents, high schoolers, and even middle schoolers. According to a study performed in 2019, “About 63.9% of students (16.8 million) reported noticing youth use of e-cigarettes in or around the school, with bathroom or locker room as the most common location” (Dai, 2021). The study goes on to explain that the brand JUUL has significantly spiked in popularity among adolescents due to its shape and size. It is a

small pod that resembles a USB drive. They are very easy to hide, therefore many kids bring them to school without hesitation. The company JUUL has shown to specifically cater to this younger population and have made it easier and easier for them to vape in secret. Although there is not enough hard data to validate the long-term effects of vaping, we are seeing an upsurge in hospitalized cases (2,758 cases in US) of vaping associated lung injury (VALI). There have been sixty-four deaths from vaping associated lung injury (VALI) in the United States alone. These products are being promoted as a “healthy alternative” to smoking when in reality it is killing people and ruining lives. This problem is tremendously widespread not only in our world and nation, but a rising problem within our community here in Hawaii County.

In order to protect the teenagers and young adults within our community regulations and bans on these products absolutely need to be put into action. The companies that sell these products have no interest in what their products are doing to the bodies of their customers. On the island of Hawaii, we are seeing an increase in tobacco and vaping products as well as an increase in respiratory disorders and lung cancer. That is not a coincidence.

Sincerely,

Madeline Bush
Hilo, 96720

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

I support HB 598 HD2 – RELATING TO TOBACCO PRODUCTS with amendments. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

My father-in-law was severely affected from Tobacco use. He developed stage 4 oral cancer and almost lost his life. Luckily, he survived but there are many people who are not as lucky. Tobacco use does not just affect the person who is using it, but their whole family. I do not want to see my friends and family using tobacco products. Young adults, teenagers, and kids are easily fooled by these new and fruity flavors. They think that it cannot be bad for you if it tastes like fruits or candy. I see many underage teenagers selling E-cigarettes that have exotic flavors and using those products on social media. E-cigarettes and tobacco products need to have more strict regulations, so they do not fall into our youth's hands.

Please pass HB 598 HD2 to save many children and adult lives.

Sincerely,

LokeLani Chong
Hilo, 96720

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

My name is Frank V. Guillermo and I am in my last semester of my bachelor's program at University of Hawaii at Hilo School of Nursing. I am writing this letter to support with amendments HB 598 HD2 – RELATING TO TOBACCO PRODUCTS. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

My 11th grade brother once told me, "I always see students vaping everywhere like in school bus, hallway, and even in class. It looks so cool and smells so good. I want to try it!" As a future healthcare provider, I am obligated to educate my brother about the harmful effects of vaping and discourage him from vaping. My brother's statement and the increasing rate of high-school e-cigarette/vape users in Hawaii shows a lack of regulations, health education, and prevention programs of e-cigarettes.

I deeply care about the health of Hawaii people and I urge you to pass HB 598 HD2. Thank you for this opportunity to testify.

Sincerely,

Frank V. Guillermo
Waipahu, 96797

Testimony to House Committee on Finance
Thursday, February 25, 2021; 1:00 p.m.
State Capitol, Conference Room 308

Dear Chair Sylvia Luke, Vice Chair Ty Cullen, and committee members,

My name is Cassandra Castillo and I am in support HB 598 HD2 – RELATING TO TOBACCO PRODUCTS with amendments. Please restore bill to original language of HB598 and add electronic smoking devices to the definition of tobacco products, thus requiring licensing/permitting for electronic smoking device wholesalers and retailers and create tax parity between electronic smoking devices and other tobacco products (70% of wholesale price).

I am in my last semester of my master's program at Myron B. Thompson's School of Social Work and I have experienced first-hand the dangers of e-cigarettes. My first year of the program, my internship was at an elementary school. One of the challenges that we faced were children in the fourth grade getting their hands on e-cigarettes and trying it because they thought it was "cool". Children are encouraged through social media, commercials, the radio station, and other outlets that e-cigarettes are the fun thing to do. They are persuaded by these fun flavors like cotton candy, strawberry, pink lemonade, and more. Children are encouraged that e-cigarettes are not dangerous and safe to use.

As a future social worker, we need to educate our future generations of just how dangerous e-cigarettes can be and the long-term effects that could happen by picking up this habit. I do not want to see my 8-month-old nephew grow up thinking that e-cigarettes are cool. I urge the committee to pass HB 598 HD2 for the future of our children's tomorrow. Thank you for this opportunity to testify.

Cassandra Castillo
Ewa Beach, 96706



American Vaping Association | www.vaping.org

6 Landmark Square, 4th Floor, Stamford, CT 06901
(609) 947 - 8059

February 24, 2021

RE: HB 826 HD 2, relating to electronic smoking devices

Chair Luke, Vice Chair Cullen and members of the Finance Committee:

On behalf of the American Vaping Association, a nonprofit organization that advocates for tobacco harm reduction policies to reduce smoking rates, I am writing to urge the committee to reject HB 826 HD2 unless Section 4 of the bill is eliminated. The language appears to have been hastily written and we are concerned that it could lead to unintended consequences on legally operating small businesses.

The FDA makes the determination of what is and is not a “tobacco product” on a case-by-case basis in a process that involves career-level scientists. This process cannot be replicated by the Hawaii AG’s office. Furthermore, as the FDA Center for Tobacco Products has made clear, all vaping products that are awaiting authorization are on the market because of the FDA’s discretion. **In other words, this bill will give the Hawaii AG unfettered authority to remove from the market any product he pleases, even if the company is currently in compliance with all FDA guidance.**

The Food & Drug Administration has regulated certain vaping products under its “tobacco products” authority since August 2016. Since then, the agency has conducted hundreds of thousands of retail compliance checks, forced the removal of non-menthol and non-tobacco closed pod systems (i.e., JUUL) from the market pending authorization, gone after companies selling products with labeling that may appeal to youth, and seized illegal disposable vaping products coming in from overseas.

Most significantly, as of September 9, 2020, the FDA now requires that manufacturers of vaping products submit each of their products to a retroactive premarket review process. Right now, the FDA is reviewing applications from hundreds of different manufacturers and conducting enforcement against those who failed to file applications. No PMTA for a

vaping product will be authorized unless the FDA concludes the product will be **“appropriate for the protection of public health”** under a rigorous population-level health standard that considers potential impacts on users and non-users of the product, including youth.

In the future, we expect that the FDA will expand its existing contract with the Hawaii DOH to have them assist with enforcement of product authorizations. If that occurs, FDA will likely supply the Hawaii DOH with an internal database of all products authorized and not authorized to be on the U.S. market. Without that list, each investigation by the Hawaii Attorney General’s office will end up amounting to a fishing expedition.

While this is not our principal point of opposition, we must also point out that ambiguities in this language could lead to problems for marijuana and CBD users, both legal and otherwise. The definition of “electronic smoking device” in Hawaii law covers all classes of vaping products, likely out of a desire to protect youth. However, the FDA’s definition of what qualifies as a “tobacco product” does NOT include standalone devices intended or expected to be used with CBD or marijuana (legal or otherwise) or liquids that do not contain tobacco-derived nicotine.

Instead of jumping the gun with a new section of law that is just 76 words, we encourage the committee to initiate a study of the FDA regulatory process and how it may provide opportunities to protect consumers from the harms of illicit products and combustible tobacco products.

Sincerely,

A handwritten signature in cursive script that reads "Gregory Conley".

Gregory Conley, J.D., M.B.A.
President, American Vaping Association



February 24 , 2020

To:

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

From: Scott Rasak, VOLCANO Vape Shops
Chief Operating Officer

RE HB598 – oppose.

Thank you for the opportunity to submit testimony.

VOLCANO is the largest independent retailer & wholesaler of vapor products and vaping accessories in the State of Hawaii. We currently own and operate 15 locations statewide and employ over 80 fulltime workers to support sales of our products not only here in Hawaii, but to most USA states as well as over 30 International countries. We stand in opposition to HB598 or the following:

- HB598 will deny current combustible tobacco smokers who live in remote areas of Hawaii vital products needed to help them quit smoking. Removing their ability to safely purchase vapor products will put them at risk of being sent back to combustible tobacco usage as their products are no longer obtainable.
- These products are already being regulated under the new PACT act and have federal oversight in this regard which is currently being finalized and implemented.
- An online sales ban would open up a black market “Do it yourself” market due to the massive adult population who currently use these products in Hawaii. Currently, all products being distributed online are through reputable age verified purchases as required by the FDA currently. The black market conditions which would arise from the passing of this bill would inflict a huge quality void in the market and expose the adult population to greater risks. The unintended consequences of this bill outweigh the hypothetical gain.
- Vapor products and e-liquids contain NO tobacco, sometimes contain NO nicotine, and ultimately emit NO smoke when vaporized; HB598 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.
- HB598 states in its justification that the bill and its regulations are needed to curb youth usage. However, it fails to mention the latest available CDC report that shows youth use of all tobacco products, including e-cigarettes are at the lowest levels ever. Furthermore, a study done the following year at the University of Michigan found that the majority of youth who have reported using



ecigarettes are not using e-liquids that contain nicotine - further suggesting that youth who do use ecigarettes are doing so to replace the use of traditional tobacco.

o <https://www.cdc.gov/media/releases/2017/p0615-youth-tobacco.html>

- 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

o http://www.journalnow.com/business/business_news/local/cdc-report-shows-moresmokers-try-to-quit-with-e/article_a33383f3-5300-5178-9f14-28b52884c45c.html

- A recent study published by the New England Journal of Medicine concluded that ECigarettes are twice as effective for smoking cessation than traditional nicotine replacement therapy products which are not taxed or controlled the same way this bill proposes to tax and control E-Cigarettes. The state should be creating easier access for these products, not tighter regulations that steers vapers back towards tobacco cigarettes

o <https://www.nejm.org/doi/full/10.1056/NEJMoa1808779>

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

o <http://www.washingtonexaminer.com/landmark-e-cigarette-report-explodes-myththat-vaping-is-as-toxic-as-smoking/article/2646804> o

http://nationalacademies.org/hmd/reports/2018/public-health-consequences-of-ecigarettes.aspx?utm_source=Hootsuite&utm_medium=Dashboard&utm_campaign=SentviaHootsuite

- HB598 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.

- 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.

o https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457102/Ecigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf

It is our belief that this continuing 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,

Scott Rasak
Chief Operating Officer
VOLCANO Vape Shops
197 Sand Island Access Rd. #213 Honolulu,
HI 96819 scott@volcanoecigs.com

HB-598-HD-2

Submitted on: 2/24/2021 4:57:40 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Johnson	Hawaii Substance Abuse Coalition	Support	No

Comments:



HB598 HD1 Tobacco Shipping and Tax

Hawaii Substance Abuse Coalition Supports HB598 HD1:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization of over 30 substance use disorder and co-occurring mental health disorder treatment and prevention agencies.

Funding for Prevention is needed to address the major concern for the health of our children:

- Given the Surgeon General's warning about the dangers of vaping, especially by the historic rise in its use by youth, allocating taxes to fund a youth prevention campaign is paramount.
- The danger to children is a growing major public health concern.
- Excise taxes and the continuing increase in taxes has proven to help people quit or sustain cessation.

We appreciate the opportunity to provide testimony and are available for questions.

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

Thursday, February 25, 2021 1:00 PM

Comments for Amendments for House Bill 598 House Draft 2 Relating to Tobacco Products

The American Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease, through research, education, and advocacy. The work of the American Lung Association in Hawaii and across the nation is focused on four strategic imperatives: to defeat lung cancer; to improve the air we breathe; to reduce the burden of lung disease on individuals and their families; and to eliminate tobacco use and tobacco-related diseases.

The American Lung Association in Hawaii supports the intent of this legislation and asks for the following amendments:

1. **Restore the amendment to the definition of “tobacco products” that was part of the original draft of this legislation.** The original draft of this legislation amended Chapter 245 definition of tobacco products to include the definition of all devices used to delivery aerosolized or vaporized nicotine and its components that are used in the consumption of tobacco products. By adding the definition of tobacco products to include all electronic smoking devices and their components, we can bring tax parity amongst the various tobacco products. Research has shown that increasing taxes on tobacco products is a deterrent for tobacco use, particularly in youth.

The need for Hawaii to protect youth from tobacco is more urgent than ever, with youth e-cigarette use reaching epidemic levels. According to the Centers for Disease Control, in 2019 nearly every 1 in 3 high schoolers in Hawaii vape regularly. This is an over 70% increase in youth vaping rates since 2017. Native Hawaiians and Pacific Islanders have even higher vaping rates than the youth state average.¹

The American Lung Association in Hawaii urges legislators to continue to support and advocate for policies to protect youth from tobacco use through tax parity. We support the intent of House Bill 598 House Draft 2 and welcome the suggested edits to make this bill even stronger.



Pedro Haro
Executive Director
American Lung Association in Hawaii
pedro.haro@lung.org



Testimony of Kimo Haynes,
President of the Hawaii Petroleum Marketers Association

HOUSE BILL 598 HD2, RELATING TO THE ENVIRONMENT

House Committee on Finance
The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
Thursday, February 25, 2020 at 1:00 p.m.

Chair Luke and Vice Chair Cullen, and members of the Finance Committee:

I am Kimo Haynes, president of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products and operate convenience stores across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and convenience store items such as tobacco products.

House Bill 598 HD2 seeks to, among other things, increase the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products from \$20 to \$300.

HPMA comments on HB 598 HD2.

HPMA takes no position on most of the changes proposed in HB 598 HD2, but would like to offer comments on the proposed increase in the retail tobacco permit fee. As you all know, most local businesses are struggling to stay afloat during this global pandemic. Many local businesses cannot sustain the continued operating losses and are shutting down permanently.

This is simply not the time to increase our cost of doing business in Hawaii by increasing our retail tobacco permit fee from \$20 to \$300. Local retailers will suffer as a result of this proposed increase. Hawaii already has one of the highest tobacco taxes of any state. Attempting to increase retail tobacco permit fees will increase prices to consumers, and will continue to drive away our loyal customers and encourage mail order or gray market purchases, from exempt Indian reservation outlets as well as from sources outside the country.

Please also keep in mind that the retail tobacco permit fees were created to help pay for the permitting process, administration and enforcement, and were not meant to fund other programs.

Thank you for allowing HPMA the opportunity to comment on this bill.



February 25, 2021

To: Chair Luke
Vice Chair Cullen
House Committee on Finance

RE: **STRONG SUPPORT for HB598 HD2**

Thank you for this opportunity to testify in **SUPPORT** of **HB598 HD2**. Blue Zones Project was brought to Hawai'i by HMSA to help increase overall well-being of our communities and to make Hawai'i a healthier, happier place to live, work, and play. To accomplish that goal, we work to lower rates of obesity, tobacco use, and chronic disease.

ESD use by youth is on an upward trend; from 2017-2019, ESD use more than doubled among high school students and tripled among middle school students.¹ Locally, 27% of middle school students and 42% of public high school students acknowledged trying electronic smoking devices in 2017.²

Data from local and national sources, including the Centers for Disease Control and Prevention (CDC), cite numerous safety and public health concerns with its use. According to the CDC, "young people who use e-cigarettes may be more likely to smoke cigarettes in the future."³

Given the many public health concerns tied with ESD use among youth, we urge you to pass HB598 HD1 and restore the original language requiring licensing/permitting for ESD wholesalers and retailers and create tax parity between ESD and other tobacco products.

Thank you for this opportunity to testify in **strong support** of **HB598 HD2**.

Sincerely,

Colby Takeda, MPH, MBA
Senior Manager

¹ Wang, T. W., et al. (2019). Tobacco Product Use and Associated Factors Among Middle and High School Students. Centers for Disease Control and Prevention. *Surveillance Summaries*, 68(12):1-22

² 2017 Hawai'i Youth Risk Behavior Survey.

³ Dunbar, M. S., Davis, J. P., Rodriguez, A., Tucker, J. S., Seelam, R., & D'Amico, E. J. (2018). Disentangling Within- and Between-Person Effects of Shared Risk Factors on E-cigarette and Cigarette Use Trajectories from Late Adolescence to Young Adulthood. *Nicotine & Tobacco Research*, nty179.

HB-598-HD-2

Submitted on: 2/23/2021 1:56:17 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

I oppose this bill.

HB-598-HD-2

Submitted on: 2/23/2021 2:00:34 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

I oppose this bill.

To whom it may concern,

I am opposing the current bill (HB598) that will destroy the vaping industry here in Hawaii and put hundreds of people out of jobs. Our goal for public health is to have people quit smoking traditional tobacco cigarette which is the #1 cause of cancer here in America.

Yet our own Government demonize this new technology which has helped millions of Americans make the switch and drastically improving their health. If this bill were to pass, the industry will be dead, business will go out and people will go back to smoking traditional tobacco cigarettes.

The government already has strict guidelines vape shops must follow, or heavy fine will be applied or even jail time. Yet they are somehow made the enemy of public health. Meanwhile alcohol / flavored alcohol can be advertised online/TV Commercials/Super Bowl and sold in supermarkets.

I implore you to take your time and review these bills that could possibly destroy something that in my opinion, a PUBLIC HEALTH MIRACLE. Especially at a time when the PANDEMIC is still killing thousands of people and putting thousands of others out of jobs.

Vinh Tran,

Resident of Honolulu, Hawaii.

HB-598-HD-2

Submitted on: 2/23/2021 2:04:25 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Anderson	Individual	Oppose	No

Comments:

Vaping community is anti tobacco.

HB-598-HD-2

Submitted on: 2/23/2021 2:09:48 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

Hello,

I would like to oppose this Bill. Due to the Pandemic we are already suffering. More people will loose there jobs and more small businesses will be forced to shut down.

HB-598-HD-2

Submitted on: 2/23/2021 2:10:53 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Heaukulani	Individual	Oppose	No

Comments:

I strongly oppose this bill.

HB-598-HD-2

Submitted on: 2/23/2021 2:10:57 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
VALENTINO MIRANDA-KEPA	Individual	Oppose	No

Comments:

Aloha,

Please Oppose bill HB598. We do not need a Tax Increase for Vaping I feel if the State put forward a Strict Possession Law for Under Age for Tobacco or Vape products that will hinder under age use. Do not punish law abiding Adults for an under age epidemic.

Thanks

Valentino Miranda-kepa

HB-598-HD-2

Submitted on: 2/23/2021 2:13:08 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
tania faris	Individual	Oppose	No

Comments:

Aloha,

Please Oppose bill HB598. We do not need a Tax Increase for Vaping I feel if the State put forward a Strict Possession Law for Under Age for Tobacco or Vape products that will hinder under age use. Do not punish law abiding Adults for an under age epidemic.

Thanks

HB-598-HD-2

Submitted on: 2/23/2021 2:22:00 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Randi D	Individual	Oppose	No

Comments:

Aloha,

Please Oppose bill HB598. We do not need a Tax Increase for Vaping I feel if the State put forward a Strict Possession Law for Under Age for Tobacco or Vape products that will hinder under age use. Do not punish law abiding Adults for an under age epidemic.

Thanks

HB 598, HD 2
Committee on Consumer Protection and Commerce
February 25, 2021

Good Afternoon
Chair Luke, Vice Chair , Members

I am Julian Lipsher, a member of the Coalition For Tobacco Free Hawaii,
testifying as a private citizen

I am testifying in support of HB 598, HD 2 with suggested amendments.

The bill proposes to:

- * Prohibit the online sale of tobacco products
- * Increase the fee for tobacco permits and licenses
- * Dedicate funds (\$750K/year) to the Tobacco Prevention & Control Trust
Fund for youth education on e-cigarette prevention and education

The Hawaii State Legislature has enacted numerous pieces of legislation on traditional tobacco prevention and control measures that have resulted in significant declines in both adult and youth smoking rates, some of the lowest in the nation, saving both money and lives. Now we are faced with the challenges presented by the tobacco industry on vaping, e-cigarettes and new methods of nicotine delivery systems.

To maximize the preventive impacts of this measure, it is suggested that HB 598, HD 1 restore the original language from HB 598 as it applies to:

- * Amending definition of “Tobacco Products” to includes e-cigarette devices and e-cigarette products
- * Requiring licensing and permitting for e-cigarette wholesalers and retailers
- * Instituting a 70% tax rate on all “Other Tobacco Products” for consistency and parity in the tax structure

The Legislature is encouraged to apply what has been successful strategies for traditional tobacco products, to the new electronic smoking devices and the epidemic of vaping among our youth.

Thank you for the opportunity to testify.

HB-598-HD-2

Submitted on: 2/23/2021 2:52:13 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erin Alicia Wiggins	Individual	Oppose	No

Comments:

I oppose

HB-598-HD-2

Submitted on: 2/23/2021 2:56:13 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erina Y	Individual	Oppose	No

Comments:

Dear Chair and Committee Members

I am very strongly opposed to all of the vaping bills that are in committees this year.

Cigarettes contain over 4000 chemicals, 43 known carcinogens, and 400 toxins. Science states that it is not the nicotine that kills, it is the tar that sticks to your lungs. Vaping has been proven to be at least 95% less harmful than cigarettes and many new reputable, peer-reviewed scientific studies prove this and these scientists have no agenda as to how the outcome will be. I have yet to figure why the Health Care Organizations want to keep quoting irrelevant science reports.

I am asking you to please put our health and our Adult choices above trying to obtain more revenue from vaping. It saddens me to see all the taxes trying to be imposed on vaping. This could cause vaping to go underground which would mean that Hawaii will get less tax money coming in and will put people's lives in jeopardy by possibly obtaining products that are not safe. I don't want to be forced to buy unsafe products which will put even more burden on our health care system if people get sick or die from using the unsafe products.

If vape shops shut down it will also create even more burden on the system because people will be unemployed, there will be empty storefronts and people will lose the ability to keep on vaping unless they fly to a more vape friendly state. It will also be detrimental to the people who still smoke to be able to have another choice to try to quit along with all the Pharmaceuticals.

For the millions of Americans who find it difficult to quit smoking or are unwilling to forgo nicotine, the answer should not be "quit or die." Instead, policymakers would improve both public health and job creation by embracing a message of harm reduction paired with a respect for consumer choice. I will end by saying, I hope the voice of your community matters and you take their concerns seriously about this issue.

Mahalo,

A considered community member.

HB-598-HD-2

Submitted on: 2/23/2021 3:20:55 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Monique gunn	Individual	Oppose	No

Comments:

Oppose

HB-598-HD-2

Submitted on: 2/23/2021 4:04:27 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

I oppose this bill due to product limitations.

HB-598-HD-2

Submitted on: 2/23/2021 5:56:58 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Weiner	Individual	Comments	No

Comments:

I am writing in regard to HB 598 regarding e-cigarette regulation. This bill has several admirable portions: prohibition of on-line sale of tobacco products, increasing fees for tobacco permits and licenses, and dedicating \$750,000 per year to the Tobacco Prevention and Control Trust Fund for youth e-cigarette prevention and education programs. I firmly support those proposals. However, I strongly urge the House to restore the original language in HB598 to require licensing and permitting for electronic smoking device wholesalers and retailers and create equal taxation between electronic smoking devices and other tobacco products, which is 70% of the wholesale price. Electronic smoking devices, because of their nicotine concentration, are equally detrimental to both youth and adults, and have been associated with severe, and sometimes fatal, lung disease in young adults. In addition, e-cigarettes are very addictive and research has shown they are a gateway drug for regular cigarette smoking. As a pediatrician I have witnessed how difficult it is to stop vaping. Therefore, taxing electronic products equally will be a disincentive for teens to start using these products in the first place, which is everyone's goal.

Linda Weiner, MD

Pediatrician

Kalaheo, Kauai

HB-598-HD-2

Submitted on: 2/23/2021 6:20:14 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
mary santa maria	Individual	Support	No

Comments:

Dear Committee Memebers

I support this bill but would like to request that the original language of HB598 be restored. That would add electronic smoking devices to the definition of tobacco products resulting in liscensing/permiting for elelctronic smoking device wholesalers and retailers, and thus create tax parity between e.s.d's and other tobacco products.. Please consider this adjustment.

Mahalo

Mary Santa Maria

HB-598-HD-2

Submitted on: 2/23/2021 6:46:35 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Koga	Individual	Support	No

Comments:

I am in support of HB598, HD2 which improves the regulations on electronic smoking devices by prohibiting online sales of tobacco products, increasing fees for tobacco permits and licenses and dedicating funds to the Tobacco Prevention and Control Trust Fund for youth e-cigarette prevention and education programs. However, I respectfully request amending this measure to restore the bill to the original language of HB598 to require licensing and permitting for electronic smoking device wholesalers and retailers and equivalent taxes for e-cigarettes and other tobacco products. The original definition includes electronic smoking devices and e-liquids within the definition of “tobacco products” as used in the cigarette tax and tobacco tax law and would strengthen this bill.

The youth vaping epidemic in Hawaii is a serious public health crisis. Please pass HB598 HD2 with the requested amendments to protect young people from becoming addicted to these harmful tobacco products and to ensure the future health of our communities.

Thank you for this opportunity to testify.

HB-598-HD-2

Submitted on: 2/23/2021 7:15:57 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
francis luu	Individual	Oppose	No

Comments:

I oppose this bill because we already pay taxes and for our permits, 70% increase will definitely put us out of business.

HB-598-HD-2

Submitted on: 2/23/2021 7:18:52 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

I oppose this bill.

HB-598-HD-2

Submitted on: 2/23/2021 9:09:27 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
ASHLEY MATTOS	Individual	Oppose	No

Comments:

I oppose this bill!!!

HB-598-HD-2

Submitted on: 2/23/2021 9:10:53 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

Leave our e-cigs alone. They help me smoke less and help my health. No more tax and no more regulations.

HB-598-HD-2

Submitted on: 2/23/2021 9:24:03 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

We strongly oppose this unneeded and business harmful bill.

HB-598-HD-2

Submitted on: 2/24/2021 5:55:41 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

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HB-598-HD-2

Submitted on: 2/24/2021 7:58:47 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andy Takaaze	Individual	Oppose	No

Comments:

Stop wasting MY tax money on redundant laws. Enforce the already strict laws and focus on getting our state open and our economy booming again. You are doing a great disservice by creating more red tape for already struggling small businesss. STOP STOP STOP

HB-598-HD-2

Submitted on: 2/24/2021 8:16:22 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
micah Thronas viluan	Individual	Oppose	No

Comments:

We have other major issues to deal with and right now vaping bill isn't a priority . It helped me from stop smoking and it doesn't leave a smell on me or others. I really think that it shouldn't be the main concern when you can deal with things more worse then this ..

HB-598-HD-2

Submitted on: 2/24/2021 8:36:32 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Katelyn Kapua	Individual	Oppose	No

Comments:

I oppose this bill.

HB-598-HD-2

Submitted on: 2/24/2021 8:36:59 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Naomi Muronaka	Individual	Oppose	No

Comments:

I oppose

HB-598-HD-2

Submitted on: 2/24/2021 9:16:32 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
dillon rellez	Individual	Oppose	No

Comments:

I oppose this bill. We don't need more laws, how about open up the economy and just use the laws that are in place. Stop using our tax money for unnecessary rules and regulations.

HB-598-HD-2

Submitted on: 2/24/2021 9:17:09 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
HANALEI BENN	Individual	Oppose	No

Comments:

We don't need anymore laws!

In place the laws we already have instead of taking and spending our hard working tax money.

Focus on the laws that are already in place.

HB-598-HD-2

Submitted on: 2/24/2021 9:37:12 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Makela Rincon	Individual	Oppose	No

Comments:

Oppose

HB-598-HD-2

Submitted on: 2/24/2021 10:17:15 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
sean nakayama	Namaste Vapors	Oppose	No

Comments:

Sean Nakayama (Namaste Vapor) I opposed all 3 of these bills. I pay my Federal and State Taxes,how much more do you need?, Theses 3 bills will kill a industry that gives grown ass adults the choice of a cigarette alternative. Don't start killing more small businesses

Minors will always find away to purchase vape related products, cigarettes, alcohol and illegal drugs...and getting pregnant/or making someone pregnant

Sean Nakayama

HB-598-HD-2

Submitted on: 2/24/2021 10:26:56 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Pauline A. Viernes	Individual	Oppose	No

Comments:

The tobacco and vape shops are trying to make a living and putting tax of 70% how can these people survive. That is a steep increase.

Tobacco is backed by a big empire and vape businesses is one person and there lively hood.

HB-598-HD-2

Submitted on: 2/24/2021 10:40:49 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mikhaila Millikan	Individual	Oppose	No

Comments:

Prohibition on shipping of tobacco product would only hinder our communities access to these products. It could have a detrimental impact on those trying to quit traditional cigarettes, as it seems that is going to become the only available product with all of these bills in session. People have worked so hard to quit, this is not fair to them.

HB-598-HD-2

Submitted on: 2/24/2021 11:11:21 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mariner Revell	Individual	Oppose	No

Comments:

Taking the freedoms and rights away from adults due to the illegal actions of minors makes no sense, and only hurts our freedoms and ability to do business.

Reasoning behind banning flavored adult tobacco products are based on propaganda that these adult vices appeal to Children. Alcohol another adult vice has hundreds of flavors, alters the mind and ability to function and is illegally consumed by minors at nearly the same rate as tobacco products are, yet no one ever tires to ban these items from adults because they are more widely used by adults and legislators know the backlash from the public would be fierce.

I am a responsible adult who retails tobacco products. I have strict policies in place that protects minors from getting these products. We have spent thousands of dollars on software that scans IDs to prevent underage sales from fake IDs. We have a policy that if any employee sells to a minor they are immediately terminated. We have a store policy of no minors in our stores. We also have a store policy that prevents customers from taking pictures, and video to prevent anyone from showing a potential minor a selection of our tobacco products. We adhere to all tobacco laws and are responsible! We actually have negative reviews on Yelp and Google because our policies are so strict! I would be more than happy to share our policies to any legislator or store owner that is interested.

Why is the livelihood of my employees and myself being put in jeopardy due to illegal activities that have nothing to do with us? Why are our jobs at risk when we are not contributing to minors getting tobacco products? Why are our local legislators killing small businesses when we have don't nothing wrong?

Any business that sells tobacco products to minors should be punished. Any business that habitually does this should be shut down. Responsible retailers and free individuals should not have their freedoms and livelihoods taken away due to ILLEGAL ACTIVITY!!!! Support Freedom, support Small businesses that are responsible Please do not support HB598.

HB-598-HD-2

Submitted on: 2/24/2021 11:11:55 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Riley	Individual	Oppose	No

Comments:

Bad

HB-598-HD-2

Submitted on: 2/24/2021 11:19:43 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

Honorable Representatives,

I strongly oppose HB598. Please vote against these unnessesary changes to the already strict laws in place. HB598 will place a further tax burden on small businesses that are already struggling in this pandemic period.

Respectfully submitted,

Theresa Revell

HB-598-HD-2

Submitted on: 2/24/2021 11:21:40 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
candice costales	Individual	Oppose	No

Comments:

I oppose to this bill because I disagree on raising taxes for wholesalers in any way especially during a pandemic.

HB-598-HD-2

Submitted on: 2/24/2021 11:25:23 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sheldon Miyakado	Individual	Oppose	No

Comments:

I STORNGLY OPPOSE this bill.

STOP TAXING THE GENERAL PUBLIC!!!!

If you need to find funding start taxing organic products to prevent the false labeling to justify higher prices of basic food supply.

Registered Voter

Sheldon Miyakado

HB-598-HD-2

Submitted on: 2/24/2021 11:27:38 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Venessa Viernes	Individual	Oppose	No

Comments:

I used to be a heavy smoker and vaping ecigs help me to quit now I save tons of money. And I can walk without breathing hard. I also lost weight too. Ecigs have been a blessing for me, please don't make me go back to smoking.

Aloha

Venessa



AMERICANS for TAX REFORM

February 24 2021

To: Hawaii House Committee on Finance
From: Americans for Tax Reform

Dear Representative,

On behalf of Americans for Tax Reform (ATR) and our supporters across Hawaii, I urge you to reject HB 598 and HB 476, **misguided legislation that seeks to impose taxes upon life-saving, reduced risk tobacco alternatives, such as electronic cigarettes and other vapor products. If enacted, these bills would not only harm small businesses, but would also have a disastrous impact on public health throughout the Aloha State, and lead to an increase in tobacco-related deaths.**

Aside from the public health harm caused by increasing taxes on a product proven to save lives, this bill would also cause considerable economic harm, particularly given the current pandemic-related economic downturn. Even former President Barack Obama remarked when he was in office: "The last thing you want to do is raise taxes in the middle of a recession because that would just suck up, take more demand out of the economy and put businesses in a further hole." **Yet HB 598 and HB 476 fly in the face of that sage advice from the 44th President.**

Rather than repeating the failed policies of the past and continuing to punish low-income smokers, who are unable to quit nicotine, with another tax increase, the Hawaii Legislature should embrace new methods that are proven to help reduce smoking rates, and aid those looking to quit by allowing tobacco alternatives, such as e-cigarettes, to remain within financial reach.

E-cigarettes have been overwhelmingly **proven to be 95% safer than combustible cigarettes, and twice as effective as more traditional nicotine replacement therapies.** It must be stressed that the negative effects of smoking combustible tobacco come not from the nicotine, a relatively benign, yet highly addictive substance much like caffeine, but rather the chemicals produced during the combustion process – “people smoke for the nicotine but die from the tar.” Scientific data shows that the blood levels typically achieved by consuming nicotine via harm reduction products **“does not result in clinically significant short- or long-term harms”** which is why smokers have been using nicotine replacement therapies (NRT) for decades without incident. For this reason, over 30 of the **world’s leading public health organizations** have endorsed nicotine vaping as safer than smoking and an effective way to help smokers quit. This list includes Cancer Research UK; the British Medical Association; the British Lung Foundation; the New Zealand Minister of Health; the US National Academies of Sciences, Engineering, and Medicine; the American Association of Public Health Physicians; the Royal Australian College of Physicians; the French National Academy of Pharmacy; and the German Federal Institute for Risk Assessment.

Furthermore, a recent study performed by researchers at the University of Glasgow has shown that e-cigarettes **particularly help disadvantaged persons quit smoking.** The impacts of this on health inequalities would be monumental, however measures like HB 598 and HB 476 would widen even further these socioeconomic disparities in health. Another recent analysis by Public Health England offers more evidence in favor of vapor products as an indispensable tool to help smokers quit. In 2017, over **50,000 British smokers stopped smoking** with a vaping product who would have continued smoking otherwise.

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Taxing safer products at an equal rate, thereby failing to incentivize people to move away from deadly alternatives, goes against every principle of sound public or health policy. As the price of a product increases, it is likely that its use decreases. In previous instances, levying taxes on vaping products has been proven to increase smoking rates as people shift back to deadly combustible cigarettes. **Minnesota is serving as a case study on this already. After the state imposed a tax on vaping products, it was determined that the tax increased adult smoking and prevented 32,400 additional adult smokers from quitting smoking.**

Extrapolating from a large-scale analysis by the US's leading cancer researchers and coordinated by Georgetown University Medical Centre, **if a majority of smokers in the state of Hawaii made the switch to vaping, over 40,000 lives would be saved.** In seeking to tax these life-saving products, these bills place these lives in jeopardy. Small increases in projected revenue should never come at the expense of human lives.

For the reasons outlined above, in the interests of public health, and protecting the most vulnerable in society from financial hardship at a time they can least afford it, we call upon the Committee to accept the science and vote against HB 598 and HB 476. Tens of thousands of lives depend upon it.

Sincerely,

Tim Andrews
Director of Consumer Issues
Americans for Tax Reform

HB-598-HD-2

Submitted on: 2/24/2021 2:17:51 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Maika Michioka	Individual	Oppose	No

Comments:

I am here to say that doing this & making us having a tax increase on our products to be shipped while making us not have our normal shipping prices for our electronic devices does not seem like a great idea to do. The vape community will never accept this because it will ruin everything we are doing to help people to have a safer health than using those disgusting cigarettes! I oppose this bill with everything I am & will not tolerate such a idiotic discussion!

HB-598-HD-2

Submitted on: 2/24/2021 5:26:22 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

This bill doesn't help anybody.

HB-598-HD-2

Submitted on: 2/24/2021 8:26:42 PM

Testimony for FIN on 2/25/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Bryan Mih	Individual	Support	No

Comments:

Dear Representatives:

As a pediatrician and medical director of the Kapi'olani Smokefree Families Program, I support this bill with amendments.

Electronic smoking devices are used in a similar manner as cigarettes, yet are not taxed as such. The American Academy of Pediatrics strongly supports regulation and taxation of electronic smoking devices to prevent initiation of use, especially by young people.

Hawaii has one of the highest rates of middle schoolers (18%) and high schoolers (31%) currently using e-cigarettes. For Native Hawaiian and Pacific Island youth the rates are even higher: 30% for middle schoolers and 40% for high schoolers.

Nicotine is a highly addictive drug that impacts the adolescent brain, reducing impulse control and affecting mood. Those who use e-cigarettes are four times more likely to smoke regular cigarettes later on. The e-cigarette industry claims these are cessation devices, but a recent study has shown that even if one adult can quit with these devices, the trade-off is 81 young people who will start the habit in their place. This is completely unacceptable.

Once young people are addicted to nicotine, it is extremely difficult to quit.

I strongly support an amendment to restore bill to the original language of HB598, requiring licensing and permitting for electronic smoking device wholesalers and retailers and creating tax parity between electronic smoking devices and other tobacco products. Appropriately regulating and taxing these electronic nicotine devices just brings these products in line with laws regarding other tobacco products. This is a common sense solution that is long overdue and which will improve the health of many, especially our keiki and young people.

Mahalo for your consideration and support of this important measure.

Sincerely,

Bryan Mih, MD, MPH, FAAP

Pediatrician

HB-598-HD-2

Submitted on: 2/25/2021 5:54:02 AM

Testimony for FIN on 2/25/2021 1:00:00 PM

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

Comments:

I'm strongly opposed. I will remember what happens here next election.