

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

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

To: The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;
and Members of the Senate Committee on Ways and Means

From: Isaac W. Choy, Director
Department of Taxation

Date: February 16, 2021
Time: 10:00 A.M.
Place: Via Video Conference, State Capitol

Re: S.B. 1232, S.D. 1, Relating to Liquor

The Department of Taxation (Department) offers the following comments regarding S.B. 1232, S.D. 1, for your consideration.

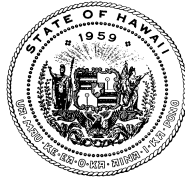
S.B. 1232, S.D. 1, creates a three-year surcharge imposed in addition to the existing liquor tax under chapter 244D, Hawaii Revised Statutes (HRS). The three-year surcharge proposed by this measure is effective from July 1, 2021 to June 30, 2024.

The Department notes that the wording imposing this surcharge is unnecessarily complex as it creates a separate calculation and imposition. The Department suggests amending the bill to simply increase the per-gallon liquor tax rates currently found in section 244D-4, HRS, by the desired amount per wine gallon. Using this bill's surcharge amounts of \$0.10 per 1.5 ounces of distilled spirits, 5 ounces of sparkling wine or still wine, and 12 ounces of cooler beverages, beer other than draft beer, or draft beer, the Committee could instead simply change the existing liquor tax rates to impose an equivalent increase as follows:

For the period July 1, 2021, to June 30, 2024, the tax rate shall be:

- (1) \$14.51 per wine gallon on distilled spirits;
- (2) \$4.68 per wine gallon on sparkling wine;
- (3) \$3.94 per wine gallon on still wine;
- (4) \$1.92 per wine gallon on cooler beverages;
- (5) \$2.00 per wine gallon on beer other than draft beer;
- (6) \$1.61 per wine gallon on draft beer;

Thank you for the opportunity to provide comments on this measure.



LATE

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

WRITTEN
TESTIMONY ONLY

**Testimony COMMENTING on SB 1232 SD 1
RELATING TO LIQUOR**

SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: 2/16/2021

Room Number: Videoconference

1 **Fiscal Implications:** Undetermined

2 **Department Testimony:** The subject matter of this measure falls within the scope of the
3 Department's Behavioral Health Administration (BHA) whose statutory mandate is to assure a
4 comprehensive statewide behavioral health care system by leveraging and coordinating public,
5 private and community resources. Through the BHA, the Department is committed to carrying
6 out this mandate by reducing silos, ensuring behavioral health care is readily accessible, and
7 person-centered. The BHA's Alcohol and Drug Abuse Division (ADAD) provides the following
8 testimony on behalf of the Department.

9 The Department of Health (Department) supports the intent of this measure but defers to the
10 Department of Taxation on this matter. Excessive drinking can also lead to a range of unintended
11 health and social consequences such as injuries from motor vehicle accidents, alcohol poisoning,
12 violent behavior, suicide, sexual assault, HIV infection, unplanned pregnancy, and fetal alcohol
13 spectrum disorders.

14 The ADAD is working to expand contractual services and staffing provided by the Hawai'i
15 Coordinated Access Resource Entry System, or Hawai'i CARES (<https://hicares.hawaii.gov/>)
16 which is ready to support adults and youth through crisis, treatment and recovery, to assist those
17 who are eligible for Medicaid services, and to work with community partners to improve service
18 as a safety net for those impacted by the pandemic.

19 **Offered Amendments:** None

- 1 Thank you for the opportunity to testify on this measure.



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
Eddie Asato, The Pint Size Corp., *Secretary/Treas.*
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 Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Tuesday 16, 2021
TIME: 10am
PLACE: Via Videoconference

RE: SB1232 SD1 Relating to Liquor

Position: Oppose

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.

Every facet of Hawaii's economy has been impacted by the economic crisis caused by the ongoing COVID-19 pandemic, our restaurants and bars and the businesses that supply them have been some of the hardest hit. This surcharge amounts to an extra tax on businesses that sell liquor, many of which are already struggling.

A good portion of the text of this measure is devoted to discussing the problems of excessive alcohol consumption, but a connection between an added tax and excessive consumption is only tenuously made by citing a ten-year-old study. There is not an established nexus between increased taxes or surcharge on businesses and efforts to decrease instances of excessive alcohol consumption.

This measure is not the right choice for our State, we ask that it be held, and we thank you for the opportunity to testify.



**Testimony to the Senate Committee on Ways and Means
Tuesday, February 16, 2021 at 10:00 A.M.
Written Testimony**

RE: SB 1232, SD 1, RELATING TO LIQUOR

Chairs Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** SB 1232, SD 1, which establishes a 3-year surcharge on the sale of liquor beginning July 1, 2021 at a rate of \$0.10 per drink.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Hawaii's economy and businesses have been hardest hit due to the COVID-19 pandemic and associated restrictions, proclamations, and orders. As businesses in Hawaii adjust and pivot, most continue to struggle with loss of revenue and laying off employees, especially in the retail, service, and hospitality industries.

The Chamber believes a liquor surcharge, even for 3 years, would hamper an already struggling economy that is trying to stay afloat. Rather than impose additional fees and taxes that exacerbate the economy, one of the primary discussion should be to stimulate economic investments, retain and improvement workforce, and increase Hawaii's recovery efforts.

We respectfully that this Committee consider holding this measure so that Hawaii's economy can pivot back into economic recovery.

Thank you for this opportunity to provide testimony.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: LIQUOR, Three-Year Surcharge

BILL NUMBER: HB 771; SB 1232, SD-1

INTRODUCED BY: Senate Committee on Commerce & Consumer Protection

EXECUTIVE SUMMARY: Establishes a three-year surcharge on the liquor tax of 10 cents per drink. Repeals 06/30/2024.

SYNOPSIS: Amends section 244D-4, HRS, to provide that beginning July 1, 2021, and ending June 30, 2024, every person subject to the liquor tax shall pay a 10 cent per drink surcharge on top for the normal liquor tax. One drink appears to correspond to 1.50 ounces of distilled spirits, five ounces of sparkling wine or still wine, and twelve ounces of cooler beverages, beer other than draft beer, or draft beer. The proceeds from the surcharge shall be deposited into the general fund.

Provides other technical and conforming provisions.

EFFECTIVE DATE: Upon approval; repealed on 6/30/2024.

STAFF COMMENTS: This measure proposes a liquor tax increase.

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

Digested 2/11/2021



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
TUESDAY, FEBRUARY 16, 2021 AT 10:00 A.M.**

To The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and
Members of the Committee on Ways and Means,

OPPOSE SB1232 SD1 RELATING TO LIQUOR

My name is Pamela Tumpap. I am the President of the Maui Chamber of Commerce, in the county most impacted by the COVID-19 pandemic in terms of our dependence on the visitor industry and corresponding rate of unemployment. I am writing to share our opposition to SB1232.

We oppose this bill as it would disproportionately disadvantage local alcohol manufacturers. Local alcohol manufacturers already face hurdles in Hawaii such as the high price of goods, services and land, and the inability to direct ship their products (which can be fixed by SB65). Therefore, local products are often priced higher than the big mainland producers. Given this, even a small tax increasing prices can put local manufacturers at a disadvantage and push consumers to buy mainland products.

Mahalo for the opportunity to provide testimony and we ask that this bill be deferred.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



To: The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

Re: Strong Support of SB 1232, Relating to Liquor

Hrg: Tuesday, February 16, 2021 at 10:00am at Conference Room 211

Position: **Support**

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means. My name is Michael Sparks President of SparksInitiatives in Kihei. Thank you for the opportunity to submit testimony in STRONG SUPPORT of SB 1232, SD1, Relating to Liquor.

Excessive alcohol consumption costs money and lives to our community

Alcohol does not pay for itself. According to the CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink. Excessive alcohol use is responsible for more than 95,000 deaths in the United States each year, or 261 deaths per day. These deaths shorten the lives of those who die by an average of almost 29 years, for a total of 2.8 million years of potential life lost. Binge drinking is most common among men, whites, 18-34-year old's, and people with household incomes greater than \$50,000.

Numerous research studies have established that when the price of alcohol increases, alcohol consumption declines, even among heavy drinkers. Alcohol-related harms decline as well. CDC's *Guide to Community Preventive Services* identified and summarized findings from 78 high-quality, peer reviewed studies to assess the impact of increasing alcohol excise taxes on excessive alcohol consumption and related harms. ***These science-based studies go through a rigorous process of peer-review and provide a balanced report of their findings.***

This bill gives the Legislature ways to help and support the health of people of Hawaii while generating much needed income for the state. A ten-cent increase will provide a minimum of 62 million dollars to the general fund of the State and reduce the harm of excessive alcohol use and help to prevent underage drinking. This increase applies only to those who purchase

alcohol and not the general public. This is a win-win for public health and the residents of Hawaii.

I urge you to pass SB 1232, SD 1 out of committee.

Mahalo for the opportunity to submit testimony.

Michael Sparks

President SparksInitiatives

Kihei, HI

Michael@sparksInitiatives.com



Mothers Against Drunk Driving HAWAII
745 Fort Street, Suite 303
Honolulu, HI 96813
Phone (808) 532-6232
Fax (808) 532-6004
hi.state@madd.org

February 16, 2021

To: Senator Donovan M. Dela Cruz, Chair, Senate Committee on Ways and Means; Senator Gilbert S.C. Keith-Agaran, Vice Chair; and members of the Committee

From: Carol McNamee / Arkie Koehl, Public Policy Committee - MADD Hawaii

Re: Senate Bill 1232, SD1 – Relating to Liquor

I am Carol McNamee, offering testimony on behalf of the Hawaii Chapter of Mothers Against Drunk Driving in support of Senate Bill 1232, SD1 – relating to Liquor. This measure would increase the tax on alcoholic beverages by 10 cents per drink over the next 3 years.

Alcohol-impaired driving is the leading killer on U.S. roadways. According to the National Highway Traffic Safety Administration (NHTSA), 12,389 people were killed in alcohol-impaired crashes in the United States in 2019. That same year there were 108 fatalities on Hawaii's roads and nearly a third (36) were alcohol-related (NHTSA). These crashes cost Hawaii taxpayers over \$575 million annually and many – if not all - could have been prevented!

Recently, many states, including Hawaii, have come to a near standstill in their ability to reduce serious vehicle crashes resulting in death and/or injury. Studies have shown that the cost of alcoholic beverages has an impact on how much alcohol a person will consume. MADD believes that increasing the cost of alcoholic beverages through increasing the tax, could result in *reducing* the number of people being killed or seriously injured on Hawaii's roads.

Part of MADD's mission is: *to prevent underage drinking*. Hawaii's youth start experimenting with alcohol – especially beer – at a young age. Our fatality statistics show that late teens and young adults are over-represented in highway crashes. We believe that young drinkers are especially sensitive to the cost of alcoholic beverages. An increase in the cost of their favorite alcoholic beverages may decrease their involvement in crashes and decrease their highway death and injury rates.

MADD Hawaii asks the legislature to seriously consider the concept of an increase in alcohol beverage tax rates which would bring additional funds (estimated \$62 million) into the state's budget and an increase in safety on the state's roads. Please pass SB1212, SD1 out of the Ways and Means committee. Thank you for this opportunity to submit testimony.



Corey Rosenlee
President

Osa Tui, Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS & MEANS

RE: SB 1232, SD1 - RELATING TO LIQUOR

TUESDAY, FEBRUARY 16, 2021

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports SB 1232, SD1**, relating to liquor. This bill, beginning July 1, 2021, establishes a \$0.10 per drink surcharge in addition to the liquor tax. Repeals June 30, 2024. (SD1).

The Community Preventive Services Task Force recommends several effective strategies for preventing excessive drinking and one of these is increasing alcohol taxes. Price point matters.

Alcohol is the most commonly used substance among young people in the U.S. Data from several national surveys document the use of alcohol among young people. The 2019 [Youth Risk Behavior Survey](#) found that among high school students, during the past 30 days

- 29% drank alcohol.
- 14% binge drank.
- 5% of drivers drove after drinking alcohol.
- 17% rode with a driver who had been drinking alcohol.

Other national surveys find that

- 19% of young people aged 12 to 20 years reported drinking alcohol and 11% reported binge drinking in the past 30 days.⁴
- 8% of 8th grade students and 29% of 12th grade students drinking alcohol during the past 30 days, and 4% of 8th grade students and 14% of 12th grade students reported binge drinking during the past two weeks.⁷

Youth who drink alcohol are more likely to experience

- School problems, such as higher rates of absences or lower grades.
- Social problems, such as fighting or lack of participation in youth activities.
- Legal problems, such as arrest for driving or physically hurting someone while drunk.
- Physical problems, such as hangovers or illnesses.
- Unwanted, unplanned, and unprotected sexual activity.
- Disruption of normal growth or sexual development.
- Physical and sexual violence.
- Increased risk of suicide and homicide.
- Alcohol-related motor vehicle crashes and other unintentional injuries, such as burns, falls, or drowning.
- Memory problems.
- Misuse of other substances.
- Changes in brain development that may have life-long effects.
- Alcohol poisoning.

Early initiation of drinking is associated with development of an alcohol use disorder alcohol later in life.

The price point does matter. We respectfully ask you to **support** this bill.



808.878.1266
mauiwine.com

HC 1 Box 953
Kula, HI 96790-9304

The Hawaii Senate 2021 Regular Session

Committee on Ways and Means

Date of Hearing: February 16, 2021
10AM

Chair: Donovan Dela Cruz
Vice Chair: Gil Keith-Agaran

RE: Testimony in Opposition to SB 1232

Thank you for the opportunity to submit Testimony on SB 1232. As the president of Maui Wine, Ltd. for the last 30 years, I am strongly opposed to any new taxation that will inhibit our ability to get back on course as a viable business, grower and producer in Maui County. Maui Wine has been hit especially hard by the pandemic, as have all our Maui partners in the hospitality industry.

No matter how little the amount may seem, every bit of new taxation is multiplied throughout our business and to our wholesale and retail customers. Although bill SB 1232 claims a \$0.10 surcharge to the consumer based on ounces served, the details of Section 2 clearly state that the surcharge will be assessed on the current gallonage tax paid on the M-18 Hawaii Liquor tax form. This tax is not paid by consumers, retailers, or restaurants. This surcharge is added to the liquor taxes of manufacturers and wholesalers holding a State Liquor license, the tax is paid when we sell the alcohol in Hawaii via M-18 tax form. No matter how many cents are assessed, it will be multiplied through each step of the 3-tier system including retail before it gets to the consumer.

Please see the below graph which shows what a \$0.10 surcharge on 5 ounces of wine means to Maui Wine in the M-18 State gallonage tax rate formula.

	Current HI Wine Tax	Surcharge @ \$0.10 on 5 oz	Gal. w/ Surcharge	Case w/ Surcharge
	<i>Tax Rate per Gallon</i>	<i>25.6 - 5oz Servings per wine gallon</i>	<i>New Tax Rate per Gallon</i>	<i>HI Tax per Wine Case 2.37753 gal</i>
Sparkling Wine	\$ 2.12	\$ 2.56	\$ 4.68	\$ 11.13
Still Wine	\$ 1.38	\$ 2.56	\$ 3.94	\$ 9.37



808.878.1266
mauiwine.com

HC 1 Box 953
Kula, HI 96790-9304

If this formula is correct, we will be taxed out of business. Although, it is easy to understand the concerns of alcoholism in our communities and the need for the State to make up lost revenue, this bill is a targeted at our industry which includes agriculture, manufacturing, and tourism, which are all important to Hawaii's economy. \$1.38 per gallon to \$3.94 per gallon is a 185% increase and the US average is \$0.73. Is this the intent?

Now, more than ever, every dime does matter to keep employees on payroll, pay overhead responsibilities and start the process of manufacturing again. The cashflow needed to restart manufacturing is going to be a hurdle for Maui Wine, as the margins of profitability have been severely decreased due to increased material costs, higher overhead, and reduced production capacity and demand.

As a small craft producer in Hawaii, thank you for the opportunity to provide testimony. Please consider holding this liquor tax surcharge so that we can increase tax revenue by increasing sales and growth in 2021.

Paula J. Hegele
President



To: The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

Re: Strong Support of SB 1232, Relating to Liquor

Hrg: Tuesday, February 16, 2021 at 10:00am at Conference Room 211

Position: Support

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means. My name is Cynthia Okazaki, I live in Kaneohe. Thank you so much for the opportunity to submit testimony in STRONG SUPPORT of SB 1232, SD1, Relating to Liquor.

Excessive alcohol consumption costs money and lives to our community

Alcohol does not pay for itself. According to the CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink. Excessive alcohol use is responsible for more than 95,000 deaths in the United States each year, or 261 deaths per day. These deaths shorten the lives of those who die by an average of almost 29 years, for a total of 2.8 million years of potential life lost. Binge drinking is most common among men, whites, 18-34-year old's, and people with household incomes greater than \$50,000.

Numerous research studies have established that as the price of alcohol increases, alcohol consumption declines, even among heavy drinkers. Alcohol-related harms decline as well. CDC's *Guide to Community Preventive Services* identified and summarized findings from 78 high-quality, peer reviewed studies to assess the impact of increasing alcohol excise taxes on excessive alcohol consumption and related harms. These science-based studies go through a rigorous process of peer-review and provide a balanced report of their findings.

This bill gives the Legislature ways to help and support the people of Hawaii. A ten-cent increase will provide 62 million plus dollars to the general fund of the State and reduce the harm of excessive alcohol use and help to prevent underage drinking. This tax increase applies only to those who purchase alcohol and not the general public.

I urge you to pass SB 1232, SD 1 out of committee.

Mahalo for the opportunity to submit testimony.



Date: February 15, 2021

To: The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

Re: Strong Support of SB 1232 SD1, Relating to Liquor

Hrg: Tuesday, February 16, 2021 at 10:00am at Conference Room 211

Position: Support

The Alcohol Policy Alliance, which is fiscally managed by Hawai'i Public Health Institute, would like to provide testimony in **SUPPORT of SB1232 SD1**, which would establish a three-year surcharge on alcohol. A 10 cents-per-drink surcharge would reduce alcohol related-harms in the community, reduce the financial and social burdens of alcohol to our state, and generate approximately \$62,700,000 in revenue for the general fund for the State.

1. Alcohol consumption and heavy drinking has increased during the pandemic and will likely remain high post-pandemic

New US study shows alcohol consumption for adults is up 14% during the pandemic as compared to the previous year (2019). Heavy drinking by women is up 41% during the pandemic.¹

2. Excessive alcohol consumption costs money and lives to our community

Alcohol does not pay for itself. According to CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink.² A dime a drink is a small down payment toward getting alcohol to pay for itself. Excessive drinking can also lead to a range of health and social problems, including unintentional injuries (i.e., motor vehicle crashes and drowning), interpersonal violence, HIV infection, unplanned pregnancy, alcohol poisoning, and Fetal Alcohol Spectrum Disorders.³

3. As the price increases, excessive adult consumption and underage drinking decrease

Numerous research studies have established that when the price of alcohol increases, excessive alcohol consumption declines, even among heavy drinkers.⁴ The World Health

Organization calls alcohol tax increases one of the top-3 “best-buys” for reducing alcohol related harms in communities.⁵ The CDC recommends alcohol tax increases as one of the strongest prevention strategies to reduce underage drinking in communities.⁶

We have, and will continue to support evidence-based policies that will reduce youth use and excessive consumption of alcohol in our communities. It has been 22 years since our state has last raised alcohol taxes. Alcohol does not pay for itself, and it's about time that we make a small change to address that.

We are in strong support of this measure and respectfully ask you to **pass SB1232 SD1**.

Mahalo,



Rick Collins, CPS
Project Director
Rick@hiphi.org

References:

[1] Michael S. Pollard, P. (2020, September 29). Changes in ADULT alcohol use and consequences during the Covid-19 pandemic in the US. Retrieved February 03, 2021, from <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2770975>

[2] Excessive drinking is draining the U.S. Economy. (2019, December 30). Retrieved February 03, 2021, from <https://www.cdc.gov/alcohol/features/excessive-drinking.html>

[3] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[4] National Research Council (US) and Institute of Medicine (US) Committee on Developing a Strategy to Reduce and Prevent Underage Drinking; Bonnie RJ, O'Connell ME, editors. *Reducing Underage Drinking: A Collective Responsibility*. Washington (DC): National Academies Press (US); 2004. 9, The Effects of Price on Alcohol Use, Abuse, and Their Consequences.

[5] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[6] The Department of Health and Human Services. (2018, August 15). Task force Recommends increasing alcohol taxes to prevent excessive alcohol use and other harms. Retrieved February 03, 2021, from <https://www.thecommunityguide.org/content/increased-alcohol-taxes-can-prevent-excessive-alcohol-use-and-other-harms>



Katie Jacoy
Western Counsel
Wine Institute
kjacoy@wineinstitute.org
360-790-5729

THE SENATE
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2021

COMMITTEE ON WAYS & MEANS
February 15, 2021

Testimony in Opposition to SB 1232, SD1

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

Thank you for the opportunity to provide testimony on SB 1232 SD1 RELATING TO LIQUOR. Wine Institute, a public policy association representing 1,000 California wineries of all sizes and associate members, submits the following comments in opposition to SB 1232 SD1. This bill proposes to establish a new 10 cent per drink surcharge on top of the existing liquor gallonage tax.

Hawaii has been especially hard hit by the Global pandemic. The \$1.8 billion budget shortfall is a daunting amount; however, placing additional taxes on certain industries or products would have detrimental and unintended consequences that could only further exacerbate Hawaii's fiscal challenges. SB 1232 proposes a surcharge of an undetermined amount per drink of alcohol beverages for three years beginning July 1, 2021. This approach to filling the budget deficit unfairly burdens responsible Hawaii wine consumers and the hospitality industry, already in distress.

We empathize with the pain and challenges facing our Hawaii partners in the restaurant and bar industry as COVID-19 restrictions and shutdowns continue. Wineries have been hard hit by the loss of sales both in their own tasting rooms and to their on-premises licensees. Though direct-to-consumer shipment has increased during the pandemic, it has not come close to compensating for the loss of wine sales by restaurants and bars. In addition, wineries have been battered by a perfect storm - COVID-19 related tasting room restrictions and closures, unprecedented wildfires and tariffs. The losses to the US wine industry due to COVID in 2020 are estimated to be \$1.4 billion with an additional \$3.7 billion, including lost future sales, due to the devastating wildfires.

In the ongoing pandemic, none of the tiers - winery, distributor, or retailer/restaurant - are in the position to absorb any additional cost, so any increased tax will be passed onto the Hawaii consumers already suffering in so many ways.

Any increase in the liquor tax on wine unfairly harms the wine consumer in Hawaii:

- Hawaii wine consumers already pay a disproportionate share of taxes through the existing liquor tax imposed on wine. Hawaii's liquor tax on wine of \$1.38 per gallon is already high and almost double the US median of \$0.73. Hawaii wine consumers also pay one of the highest prices in the United States for their wine, given Hawaii's general excise tax of 4% or 4.5% and the higher transportation costs to ship wine to Hawaii.

- Alcohol beverage taxes are regressive, disproportionately hitting those with lower incomes. Hawaii residents already struggle with unemployment, high housing, food, and fuel costs. Under this bill, they could be forced to pay even more for the simple pleasure of responsibly consuming wine.
- Since the taxes are marked up twice more by the distributors and retailers as the wines move through the three-tier system, they usually double by the time they reach the consumer.

We urge you to hold this liquor tax surcharge. Thank you for the opportunity to testify.

SB-1232-SD-1

Submitted on: 2/15/2021 9:59:09 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Darlyn Chen Scovell	Testifying for Hawaii FASD Action Group	Support	No

Comments:

THE SENATE

THE THIRTY-FIRST LEGISLATURE

REGULAR SESSION OF 2021

[COMMITTEE ON WAYS AND MEANS](#)

Honorable Senator Donovan M. Dela Cruz, Chair
Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair

And Members of the Senate Committee on Ways and Means

NOTICE OF DECISION MAKING

DATE: Tuesday, February 16, 2021
TIME: 10:00 A.M.
PLACE: Conference Room 211 & Videoconference
TIMESLOT: WAM

Good afternoon our Honorable Chair, Donovan M. Dela Cruz, Honorable Vice Chair, Keith Agaran, members of the Ways and Means Committee. My name is Darlyn Chen Scovell. I worked with children and families of Hawaii for over 25 years both within the Department of Defense and local communities in our state as early childhood educator, infant mental health and family services coordinator and a National and International Certified Substance Abuse Counselor. Being **the voice of children who have none, the families and individuals who have Fetal Alcohol Spectrum Disorder (FASD) whom for many years have been marginalized, unrecognized and without**

appropriate attention and services in our state. I am writing in **STRONG SUPPORT of SB 1232 SD1. This Bill is not Anti-Business, it is about people. This Bill is About Saving Children with FASD, and families of Hawaii impacted by alcohol consumption.** Additionally, **to decrease infants born with FASD in our State of Hawaii. Peer reviewed research studies,** CDC's Guide to Community Preventive Services identified and summarized findings from 78 scientific unbiased high-quality, assessed and established that when the price of alcohol increases, alcohol consumption declines, even among heavy drinkers which decrease Alcohol-related harms. These science-based studies went through a rigorous process of peer scientific review and provided a balanced report of their findings.

Alcohol is the third leading preventable cause of death in the United States behind tobacco, poor diet and physical inactivity. 95,000 people die every year from alcohol attributable causes and an average 29 people die in motor vehicle crashes that involve an alcohol-impaired driver. Excessive alcohol use costs the United States a total of 249 Billion in 2010, which is equivalent to \$2.05 for each alcoholic beverage, or \$807.00 per person. The alcohol tax has not been increased since 1998 – 23 years since the last increase. This alcohol tax will apply to all containers, bars, restaurants, bottles, etc. **We ARE NOT taxing food, milk, fuel, and vital everyday necessities our families and communities need.**

Alcohol does not pay for itself. According to the CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink. Excessive alcohol use is responsible for more than 95,000 deaths in the United States each year, or 261 deaths per day. These deaths shorten the lives of those who die by an average of almost 29 years, for a total of 2.8 million years of potential life lost. Binge drinking is most common among men, whites, 18-34-year old's, and people with household incomes greater than \$50,000.

FASD is associated with **SECRECY** and **SHAME**, quite possibly due to its preventable nature and the stigma attached to it **CAUSED** by **ALCOHOL CONSUMPTION** during pregnancy. It is very hard for a mother to even admit to self that her drinking is the cause of the permanent neurological brain damage her child have, what more to come forward to testify and most chose to remain silent while children with FASD have to live with their invisible disability for the rest of their lives not even knowing they have it. Often, adoptive parents and grandparents are ones who are vocal about this critical need for services and attention, no biological mothers or fathers because of the stigma and fear. Alcohol is legally accessible, available in the community stores often left in unlocked cabinets in many homes, therefore, it is not surprising that the research stated that 1 in 20 first graders do have FASD. According to a research study questions, "Is this shame the reason for the marginalization of children and families with FASD in general? (Barker, Kulyk, Knorr, & Brenna, 2011).

FASD diagnosis is a processing disorder, learning disability, and attention-deficit/hyperactivity disorders almost the same with Autism Spectrum Disorders (Astley, 2010; Kodituwakku & Kodituwakku, 2014). Somewhere between 1% and 4% of all children

worldwide are reported to have an FASD. The PERMANENT NEURODEVELOPMENTAL BRAIN INJURY IMPAIRMENTS associated with FASD came WITH SIGNIFICANT SOCIAL COST ACROSS THE LIFESPAN in the form of increased medical, educational, and vocational support and lost productivity (Lupton, Burd, & Harwood, 2004; Popova, Lange, Burd, & Rehm, 2015). I have worked with children with Autism as a Registered Behavioral Therapist under ABA Guidelines, and in my observations, FASD is a Developmental Disability is equally as severe as Autism.

If the **official national data** states that **1 in 20 first graders have FASD**, we can make it 1 in 1,000 - 1 in 10,000, 100,000 even in 1 in a million because FASD is COMPLETELY PREVENTABLE BY CEASING ALCOHOL USE during pregnancy. SB 1232 is one of many solutions to this predicament to hopefully decrease infants born with FASD in Hawaii. Please let us work together to **save Our Tomorrow, Today**. Let us **help these innocent children born in an impossible world impacted by alcohol**. **We have the obligations to make their life and world possible for them as we made alcohol legal for public consumption**. Hindsight, we will be able to save our children, women, and families of Hawaii, and our tax dollars when you support this SB 1232. Often, these children with FASD are seen as children only with behavioral issues in our school system, get kicked out and eventually these children without no support will join into crime committing and delinquent groups who end up in our prison systems as juveniles and eventually as adult offenders. This costs our State \$55,000.00 a year per inmate, not to mention that our prison system is overpopulated, and we ship our State Inmates to other States which cost us \$35,000.00 a year per inmate. This cost doesn't include property damages, medical and another cost to our tax dollars.

This bill gives the Legislature ways to help and support the health of people of Hawaii while generating much needed income for the state. A ten-cent increase will provide a minimum of 62 million dollars to the general fund of the State, a small price to pay to reduce the harm of excessive alcohol use and help to prevent underage drinking. This increase applies only to those who purchase alcohol and not the general public. This is a win-win for public health and the residents of Hawaii.

Mental Health Problems - 60% of children with FASD have ADDH and most individuals have clinical depression as adults; 23% of the adults had attempted suicide, and 43% had threatened to commit suicide. • Disrupted School Experience - 43% experienced suspension or expulsion or drop out; • Trouble with the Law - 42% had involvement with police, charged or convicted of a crime; • Confinement – 60% of these children age 12 and over experienced inpatient treatment for mental health, alcohol/drug problems, or incarceration for a crime. • Inappropriate Sexual Behavior – Reported in 45% of those aged 12 and over, and 65% of adult males with FAS (Fetal Alcohol Spectrum). • Alcohol/Drug Problems – Of the adults with FAS, 53% of males and 70% of females experienced substance abuse problems. These children who have the potential to become adult repeat offenders because of permanent neurological brain damage caused by alcohol can cost Hawaii \$55,000.00 a year in incarceration cost, and more economic challenges in societal, property damages and tax dollars. **I do beg of you to**

support and consider PASSING SB 1232 SD1 for the children and the families of Hawaii.

Thank you for your kind consideration and support in passing this Bill and opportunity to testify for this Critical SB 1232. This Bill is not anti-business it is about people, our economy and at our current stance we need to think about profit or people.

Always with Gratitude.

Respectfully yours,

Darlyn Chen Scovell

Reference

Astley, S. J. (2010). Profile of the first 1,400 patients receiving diagnostic evaluations for fetal alcohol spectrum disorder at the Washington State Fetal Alcohol Syndrome Diagnostic & Prevention Network. *Canadian Journal of Clinical Pharmacology*, 17(1), e132–e164.

Barker, C., Kulyk, J., Knorr, L., & Brenna, B. (2011). Open Inclusion or Shameful Secret: A Comparison of Characters with Fetal Alcohol Spectrum Disorders (FASD) and Characters with Autism Spectrum Disorders (ASD) in a North American Sample of Books for Children and Young Adults. *International Journal of Special Education*, 26(3), 171–180. Retrieved from <http://search.ebscohost.com.libproxy.edmc.edu/login.aspx?direct=true&db=Eric&ANEJ959010&site=eds-live>

Kodituwakku, P., & Kodituwakku, E. (2014). Cognitive and behavioral profiles of children with fetal alcohol spectrum disorders. *Current Developmental Disorders Reports*, 1(3), 149–160. <https://doi.org/10.1007/s40474-014-0022-6>

Thorne, J. C. 1. jct6@uw. ed. (2017). Accentuate the Negative: Grammatical Errors During Narrative Production as a Clinical Marker of Central Nervous System Abnormality in School-Aged Children With Fetal Alcohol Spectrum Disorders. *Journal of Speech, Language & Hearing Research*, 60(12), 3523–3537. [https://doi-org.libproxy.edmc.edu/10.1044/2017pass:\[_\]JSLHR-L-17-0128](https://doi-org.libproxy.edmc.edu/10.1044/2017pass:[_]JSLHR-L-17-0128)

LATE

SB-1232-SD-1

Submitted on: 2/15/2021 10:54:28 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cindy Goldstein	Testifying for Hawaiian Craft Brewers Guild	Comments	No

Comments:

The Hawaiian Craft Brewers Guild does not support a tax surcharge increase on liquor. HB1232_SD1 as amended will have less of an impact on small businesses manufacturing alcohol and is therefore a better approach for this legislation. We are concerned that any increase in taxes on alcohol will hurt small manufacturers the most, especially small independent craft beer manufacturers.

Hawaii already has the 3rd highest excise tax rate on beer in the nation according to data from the Tax Foundation. Hawaii actually has the 2nd highest tax rate on small craft breweries because Alaska ranked 2nd highest has a two-tiered system of taxation where craft beer manufacturers producing smaller volumes pay a lower tax rate and larger mass produced brands pay a higher tax rate.

The Hawaiian Craft Brewers Guild embraces the responsible consumption of alcohol. Offering treatment and counseling programs for excessive drinkers, and education designed to prevent heavy drinking would be a better way to address problem drinking. Raising the tax rate on liquor, even a surcharge for three years, will only drive heavy and problem drinkers to purchase less expensive beer and other types of alcohol.

Thank you for the opportunity to provide comments for SB1232_SD1.

To: The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means
Re: Strong Support of SB 1232 SD1, Relating to Liquor
Hrg: Tuesday, February 16, 2021 at 10:00am at Conference Room 211

Position: Support

My name is Chelsea Gonzales, from Honolulu. I am the Alliance Coordinator with the Hawai'i Alcohol Policy Alliance, which is fiscally managed by Hawai'i Public Health Institute. I would like to provide testimony in SUPPORT of SB1232 SD1. I propose a bill amendment to include a 10 cents per drink surcharge which would provide approximately \$62,700,000 to the general fund for the State.

1. The time is now to choose people over profit

Alcohol taxes save lives. It has been nearly 23 years since the State last raised the alcohol taxes. In the meantime, consequences due to excessive alcohol consumption cost our State nearly \$1 billion per year, according to the CDC.¹ Alcohol is no ordinary commodity and when used excessively, it causes serious harm to our communities. Alcohol does not pay for itself.

2. Excessive alcohol consumption costs money and lives to our community

Excessive drinking can also lead to a range of health and social problems, including unintentional injuries (i.e., motor vehicle crashes and drowning), interpersonal violence, HIV infection, unplanned pregnancy, alcohol poisoning, and Fetal Alcohol Spectrum Disorders.²

3. Alcohol consumption and heavy drinking has increased during the pandemic and will likely remain high post-pandemic

The COVID-19 pandemic has made alcohol consumption riskier in regards to domestic violence. There is a positively correlated relationship between visits to alcohol outlets and domestic violence.³

The Domestic Violence Action Center (DVAC) Helpline, which serves Hawai'i, reports a **46%** increase in contacts during the COVID-19 crisis, from the late March to October 2, 2020.⁴

4. As the price increases, excessive adult consumption and underage drinking decrease

Numerous research studies have established that when the price of alcohol increases, excessive alcohol consumption declines, even among heavy drinkers.⁵ Evidence suggests that an alcohol tax increase will lead to reductions in the quantity and frequency of drinking among youth, who are among the most price-sensitive consumers.⁶ The World Health Organization calls alcohol tax increases one of the top-3 “best-buys” for reducing alcohol related harms in communities.⁷ The CDC recommends alcohol tax increases as one of the strongest prevention strategies to reduce underage drinking in communities.⁸

I have, and will continue to support evidence-based policies that will reduce youth use and excessive consumption of alcohol in our communities. It has been 22 years since our state has last raised alcohol taxes. Alcohol does not pay for itself, and it's about time that we make a small change to address that.

Mahalo for the opportunity to submit testimony and provide comments.

Questions? You may contact me at chelsea@hiphi.org

References:

[1] Michael S. Pollard, P. (2020, September 29). Changes in ADULT alcohol use and consequences during the Covid-19 pandemic in the US. Retrieved February 03, 2021, from <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2770975>

[2] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[3] Chalfin, A., Danagouliau, S., & Deza, M. (2020, November 16). COVID-19 Has Strengthened the Relationship Between Alcohol Consumption and Domestic Violence. Retrieved February 02, 2021.

[4] The Office of Hawaiian Affairs, Lili'uokalani Trust, & Kamehameha Schools. (2020, October 12). COVID-19 and Native Hawaiians - Intimate Partner Violence. Retrieved February 02, 2021, from <https://sites.google.com/ksbe.edu/nh-covid19/intimate-partner-violence>

[5] Grossman M, Chaloupka FJ, Saffer H, Laixuthai A. Effects of alcohol price policy on youth: a summary of economic research. *J Rese Adolesc.* 1994;4:347-364.

[6] National Research Council (US) and Institute of Medicine (US) Committee on Developing a Strategy to Reduce and Prevent Underage Drinking; Bonnie RJ, O'Connell ME, editors. *Reducing Underage Drinking: A Collective Responsibility*. Washington (DC): National Academies Press (US); 2004. 9, The Effects of Price on Alcohol Use, Abuse, and Their Consequences.

[7] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[8] The Department of Health and Human Services. (2018, August 15). Task force Recommends increasing alcohol taxes to prevent excessive alcohol use and other harms. Retrieved February 03, 2021, from <https://www.thecommunityguide.org/content/increased-alcohol-taxes-can-prevent-excessive-alcohol-use-and-other-harms>



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 5, 2021**

Re: SB 1232 SD 1 Relating to Liquor

Good morning Chair Dela Cruz and members of the Senate Committee on Ways and Means. 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 **OPPOSE SB 1232 SD1** Relating to Liquor. This measure beginning July 1, 2021, establishes a \$0.10 per drink surcharge in addition to the liquor tax. Repeals June 30, 2024.

We recognize that the state is seeking money to offset the deficit, raising the tax on liquor should not be the option. Hawaii is already the 2nd highest taxed state just under California. Businesses and industries alone are not able to pay off the states deficit and survive.

A standard bottle (a fifth) holds 25.4 oz. A litter holds 33.8 oz. A bottle of sparkling or still wine holds 25 oz. If we multiply this by the surcharge on a 1.5 oz of distilled spirits, 5 oz of sparkling wine, 12 oz of cooler beverage the cost would be high and people may not purchase a drink as frequently when they go out to a meal. Or as we have seen in the past, people having their friends and family purchase these items at a military facility where there is no tax; and we will see more organized crime stealing alcohol products from our stores as it will be more lucrative on Hawaii's Black Market. Either way, local businesses would be hurt from the lack of sale and the state would not be able to collect the taxes.

Retailers like many businesses are struggling to survive and to keep their employees employed. We can't afford any additional taxes.

Mahalo again for this opportunity to testify.



LATE

February 16, 2021

Senate Committee on Way and Means
SB1232 SD1 Relating to Intoxicating Liquor; Liquor Tax Surcharge
Tuesday, February 16th, 2021 at 10am

Re: **STRONG OPPOSITION OF SB1232 SD1**

Aloha Chair Dela Cruz, Vice Chair Senator Keith-Agaran, and members of the Committee,

My name is Garrett W. Marrero, I live in Kihei, HI. Maui Brewing Co. has locations on Maui in Lahaina and Kihei, and on Oahu in Waikiki and Kailua. We distribute across the Hawaii, 19 other States, and 10 countries. We began in 2005 with 26 team members and have added more than 700 to our team pre-COVID of course. I was selected as the National Small Business-Person of the year in 2017 for my work at Maui Brewing Co.

I am writing on behalf of myself and our local family-operated business in opposition of **SB1232** which will increase the taxes on beverage alcohol purchases. Hawai'i actually has the second highest tax rate in the country and is nearly FIVE times the median for the USA, .93/gallon versus .20/gallon.

I am the President of the Hawaiian Craft Brewers Guild. Our brewery along with the other HCBG member breweries embrace the responsible consumption of alcohol but are adamantly against increasing the taxes at a time when we're all just fighting to survive with no clear connection that raising taxes will decrease consumption. In fact increasing taxes will serve to shift consumption to cheaper products and away from those produced by local brewers costing jobs and overall tax revenues of all kinds (UI, Payroll, Insurance etc etc).

Alcohol beverage taxes are regressive, disproportionately hitting those with lower incomes. Hawaii residents already struggle with unemployment, high housing, food, and fuel costs. Under this bill, they could be forced to pay even more for the simple pleasure of responsibly consuming beer and other locally produced beverages.

Excise taxes are far reaching because they are levied at each transactional level. Since the taxes are marked up twice more by the distributors and retailers as the wines move through the three-tier system, they usually double by the time they reach the consumer.

Studies tend to show that beer excise tax increases:

1. Have the least effect on beer consumption versus other commodities;
2. Do little to affect drinking by the heaviest drinkers;
3. Have a smaller effect on large supplier products, which are more frequently consumed by the heaviest drinkers; and
4. Would have the greatest impact on (higher-priced) craft brewer products.

Handcrafted Ales & Lagers Brewed with Aloha
605 Lipoa Parkway, Kihei, HI 96753
808.213.3002

COVID-19 has severely challenged the economic viability of Hawaii's small independent craft brewery businesses. Raising tax rates at this crucial time would have a crippling impact on our brewery, at the same time Hawaii craft beer manufacturers are trying to find ways to be proactive to stay in business and recover from COVID related revenue losses. Raising costs and decreasing sales would force us to seek production and sales outside of the State, laying off more teammates in pursuit of automation.

The proposed tax surcharge on liquor will unfortunately not stop excessive consumption by the heaviest drinkers. Raising tax rates will drive consumers to substitute lower priced beer brands and less expensive alcohol. Craft beer tends to be more expensive compared to large, mass-produced brands. The increased tax rate will result in a higher price point for small craft producers, giving shoppers and customers a reason to switch to less expensive options rather than reducing the amount of alcohol purchased and consumed.

According to the Tax Foundation, Hawaii is ranked as having the 3rd highest excise tax rate on beer in the US. Currently the Highest taxes on beer are Tennessee at 1.29/gallon, Alaska at 1.07/gallon and Hawai'i at .93/gallon. For this comparison the Hawai'i package rate is used to keep consistent. Hawai'i actually takes the #2 spot in that Alaska actually has a reduced rate for small producers of .35/gallon. Both Alaska and Tennessee have far lower median home prices (265k and 164k vs 830k), far lower labor and insurance costs, very low ingredient and other shipping costs, as well as low utility costs. All the while Hawaii has the HIGHEST of all these same categories. This all leads to far lower overall costs to produce in Hawai'i. In summary, the highest taxed states generally have the lowest costs of production and costs of living. We in Hawai'i are the highest all around.

This legislation calling for further tax increases, even a surcharge for 3 years on each 12-ounce serving of beer, hurts small craft beer manufacturers and makes us even less competitive. The idea that this is a temporary surcharge leaves us feeling more than uneasy about its actual eventual repeal.

Now is not the time to impose an additional tax burden on our independent craft beer business as we are struggling to survive. Mahalo for considering our testimony opposed to SB1232.

Thank you for the opportunity to offer these comments in opposition to **SB1232**, this bill has too many negatives for small local businesses and the unintended consequences will be extremely detrimental to the craft beverage industry in Hawai'i.

Sincerely,


Garrett W. Marrero
CEO/Founder

Handcrafted Ales & Lagers Brewed with Aloha
605 Lipoa Parkway, Kihei, HI 96753
808.213.3002

Date: February 11, 2021

To: The Honorable Senator Dela Cruz, Chair
The Honorable Senator Keith-Agaran, Vice Chair
Members of the Senate Ways and Means Committee

Re: Strong Support SB1232, Relating to Liquor

Hrg: Tuesday, February, 16, 2021 at 10am

Position: Support

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Ways and Means Committee. My name is Ann Yabusaki from Kaneohe. Thank you so much for the opportunity to submit testimony in SUPPORT of SB1232. I support increasing the surcharge on alcohol to 10 cents per drink because of the following:

1. *Alcohol consumption and heavy drinking has increased during the pandemic and will likely remain high post-pandemic*

New US study shows alcohol consumption for adults is up 14% during the pandemic as compared to the previous year (2019). Heavy drinking by women is up 41% during the pandemic.¹

2. *Excessive alcohol consumption costs money and lives to our community*

Alcohol does not pay for itself. According to CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink.² A dime a drink is a small down payment toward getting alcohol to pay for itself. Excessive drinking can also lead to a range of health and social problems, including unintentional injuries (i.e., motor vehicle crashes and drowning), interpersonal violence, HIV infection, unplanned pregnancy, alcohol poisoning, and Fetal Alcohol Spectrum Disorders³.

3. *Personal impact*

I am a psychologist and family therapist, and a volunteer with the Hawaii Fetal Alcohol Spectrum Disorders (FASD) Action Group. I have helped a number of individuals, families and caregivers impacted by FASD and am aware of the great harm alcohol can have when consumed during pregnancy. Of all drugs, alcohol is the most dangerous. It can damage the central nervous system of the child leading to permanent brain damage. It has been difficult to obtain diagnoses, assessments, and help from our public agencies because of the lack of FASD-informed services in Hawaii. Current estimate is one in 20 first grade children is

affected.⁴ Let's decrease or eliminate this number with funds dedicated to prevention and intervention for FASD.

4. *As the price increases, excessive adult consumption and underage drinking decrease*

Numerous research studies have established that when the price of alcohol increases, excessive alcohol consumption declines, even among heavy drinkers.⁵ The World Health Organization calls alcohol tax increases one of the top-3 “best-buys” for reducing alcohol related harms in communities.⁶ The CDC recommends alcohol tax increases as one of the strongest prevention strategies to reduce underage drinking in communities.⁷

I have, and will continue to support evidence-based policies that will reduce youth use and excessive consumption of alcohol in our communities. It has been 22 years since our state has last raised alcohol taxes. Alcohol does not pay for itself, and it's about time that we make a small Mahalo for this opportunity to submit testimony.

References:

[1] Michael S. Pollard, P. (2020, September 29). Changes in ADULT alcohol use and consequences during the Covid-19 pandemic in the US. Retrieved February 03, 2021, from <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2770975>

[2] Excessive drinking is draining the U.S. Economy. (2019, December 30). Retrieved February 03, 2021, from <https://www.cdc.gov/alcohol/features/excessive-drinking.html>

[3] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[4] May, P.A., Chambers, C.D., Kalberg, W.O, Zellner, J., Feldman, H., et al. (2018). Prevalence of Fetal Alcohol Spectrum Disorders in 4 US Communities, 319(5):474-482. doi:10.1001/jama.2017.21896

[5] National Research Council (US) and Institute of Medicine (US) Committee on Developing a Strategy to Reduce and Prevent Underage Drinking; Bonnie RJ, O'Connell ME, editors. *Reducing Underage Drinking: A Collective Responsibility*. Washington (DC): National Academies Press (US); 2004. 9, The Effects of Price on Alcohol Use, Abuse, and Their Consequences.

[6] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[7] The Department of Health and Human Services. (2018, August 15). Task force Recommends increasing alcohol taxes to prevent excessive alcohol use and other harms. Retrieved February 03, 2021, from <https://www.thecommunityguide.org/content/increased-alcohol-taxes-can-prevent-excessive-alcohol-use-and-other-harms>

Date: February 9, 2021

To: The Honorable Senator Donovan Dela Cruz, Chair
The Honorable Senator Gilbert Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

Re: Strong Support of SB 1232 SD1, Relating to Liquor

Hrg: Tuesday, February 16, 2021 at 10:00 am at Conference Room 211 & Video Conference

Position: Support

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means. My name is Allen Bartolome, from Pahoehoe, Hawaii. Thank you for the opportunity to submit testimony in SUPPORT of SB 1232 SD1. I support increasing the surcharge on alcohol to 10 cents per drink because of the following:

1. **Excessive alcohol consumption costs money and lives to our community**
Excessive alcohol use is responsible for more than 95,000 deaths in the United States each year, or 261 deaths per day. These deaths shorten the lives of those who die by an average of almost 29 years, for a total of 2.8 million years of potential life lost.
2. **Short- and long-term effects of excessive drinking**
Binge drinking can lead to a range of health and social problems, including unintentional injuries (i.e., motor vehicle crashes and drowning), interpersonal violence, HIV infection, unplanned pregnancy, alcohol poisoning, and Fetal Alcohol Spectrum Disorders
3. **My Personal Story**
I am not only an advocate for alcohol prevention but a survivor of being a victim of impaired driving in both December 1994 and recently in early January of 2021. Every day I think about ways that this could have been prevented and how we as society can make a difference. I believe taxation would be one of the tools stopping over consumption and make our community a safer place and benefit our economy.

I have, and will continue to support evidence-based policies that will reduce youth use and excessive consumption of alcohol in our communities.

I propose a bill amendment that to a 10 cents per drink surcharge which would provide approximately \$62,700,000 to the general fund for the State. I urge you to amend this bill and pass it out of committee.

Mahalo for the opportunity to submit testimony and provide comments.

SB-1232-SD-1

Submitted on: 2/12/2021 5:17:55 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Samonte	Individual	Support	No

Comments:

I support the continued efforts of Hawaii Alcohol Policy Alliance and SB 1232, SD1.

Thank you!

To: The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

Re: Strong Support of SB 1232, Relating to Liquor

Hrg: Tuesday, February 16, 2021 at 10:00am at Conference Room 211

Position: Support

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means. My name is Cynthia Au, from Honolulu, 96825. Thank you so much for the opportunity to submit testimony in STRONG SUPPORT of SB 1232, SD1.

Alcohol consumption and heavy drinking has increased during the pandemic and will likely remain high post-pandemic

New US study shows alcohol consumption for adults is up 14% during the pandemic as compared to the previous year (2019). Heavy drinking by women is up 41% during the pandemic. Excessive pandemic-drinking is concerning, as it may lead to other harmful behaviors. As stay-at-home orders began in some US states, Nielsen reported a 54% increase in national sales of alcohol for the week ending March 21, 2020, compared with the year before; online sales increased 262% from 2019. There is a positive correlated relationship between the amount of alcohol consumed and domestic violence and many other public health concerns. The Domestic Violence Action Center (DVAC) Helpline, which serves Hawai'i, reports a 46% increase in contacts during the COVID-19 crisis, from late March to October 2, 2020. Studies show that a higher price on alcoholic beverages help to reduce consumption.

This bill as amended will give the Legislature ways to help and support the people of Hawaii. A ten cent increase will provide 62 million plus dollars to the general fund of the State and reduce the harm of excessive alcohol use and help to prevent underage drinking. This increase applies only to those who purchase alcohol and not the general public.

I urge you to pass SB 1232, SD1 out of committee.

Mahalo for the opportunity to submit testimony.

Date: February 8, 2021

To: The Honorable Senator Donovan Dela Cruz &
Members of the House Ways and Means Committee

Re: Strong Support SB1232, Relating to Liquor

Hrg: Tuesday, February, 16, 2021 at 10am

Position: Support

Good afternoon, Chair Dela Cruz and members of the House Ways and Means Committee. My name is Kenichi Yabusaki, from Kaneohe (Ahuimanu). Thank you so much for the opportunity to submit testimony in SUPPORT of HB771. As a volunteer member of the Hawaii Fetal Alcohol Spectrum Disorders Action Group, I fully support increasing the surcharge on alcohol to 10 cents per drink because of the following:

1. *Alcohol consumption and heavy drinking has increased during the pandemic and will likely remain high post-pandemic*

New US study shows alcohol consumption for adults is up 14% during the pandemic as compared to the previous year (2019). Heavy drinking by women is up 41% during the pandemic.¹

2. *Excessive alcohol consumption costs money and lives to our community*

Alcohol does not pay for itself. According to CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink.² A dime a drink is a small down payment toward getting alcohol to pay for itself. Excessive drinking can also lead to a range of health and social problems, including unintentional injuries (i.e., motor vehicle crashes and drowning), interpersonal violence, HIV infection, unplanned pregnancy, alcohol poisoning, and Fetal Alcohol Spectrum Disorders³.

3. In a society where the consumption of alcohol is a living issue, it bears a responsibility to decrease the harmful effects from underaged drinking and/or drinking alcohol during pregnancy and excessive drinking (DUI fatalities, Domestic violence, etc.). To this end, a liquor tax (surcharge) for three years as proposed in HB771 and Companion Bill, SB1232 would generate monies to potentially fund agencies and programs whose missions are to decrease the harm to both the individual and society from the irresponsible consumption of alcohol.

4. *As the price increases, excessive adult consumption and underage drinking decrease*

Numerous research studies have established that when the price of alcohol increases, excessive alcohol consumption declines, even among heavy drinkers.⁴ The World Health Organization calls alcohol tax increases one of the top-3 “best-buys” for reducing alcohol related harms in communities.⁵ The CDC recommends alcohol tax increases as one of the strongest prevention strategies to reduce underage drinking in communities.⁶

I have, and will continue to support evidence-based policies that will reduce youth use and excessive consumption of alcohol in our communities. It has been 22 years since our state has last raised alcohol taxes. Alcohol does not pay for itself, and it's about time that we make a small change to address that.

I propose a bill amendment that to a 10 cents per drink surcharge which would provide approximately \$62,700,000 to the general fund for the State. I urge you to amend this bill and pass it out of committee.

Mahalo for the opportunity to submit testimony and provide comments.

Questions

References:

[1] Michael S. Pollard, P. (2020, September 29). Changes in ADULT alcohol use and consequences during the Covid-19 pandemic in the US. Retrieved February 03, 2021, from <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2770975>

[2] Excessive drinking is draining the U.S. Economy. (2019, December 30). Retrieved February 03, 2021, from <https://www.cdc.gov/alcohol/features/excessive-drinking.html>

[3] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[4] National Research Council (US) and Institute of Medicine (US) Committee on Developing a Strategy to Reduce and Prevent Underage Drinking; Bonnie RJ, O'Connell ME, editors. *Reducing Underage Drinking: A Collective Responsibility*. Washington (DC): National Academies Press (US); 2004. 9, The Effects of Price on Alcohol Use, Abuse, and Their Consequences.

[5] World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

[6] The Department of Health and Human Services. (2018, August 15). Task force Recommends increasing alcohol taxes to prevent excessive alcohol use and other harms. Retrieved February 03, 2021, from <https://www.thecommunityguide.org/content/increased-alcohol-taxes-can-prevent-excessive-alcohol-use-and-other-harms>

SB-1232-SD-1

Submitted on: 2/14/2021 9:24:49 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Le Burkien	Individual	Support	No

Comments:

To: The Honorable Senator Dela Cruz, Chair

The Honorable Senator Keith-Agaran, Vice Chair

Members of the House of Senate Ways and Means Committee

Re: POSITION: **STRONG SUPPORT SB1232**, Relating to Liquor

Hrg: Tuesday, February, 16, 2021 at 10am

Position: **Support SB1232**

Being a former member of the public health community for three states, one U.S. Territory, and now serving Hawaii, facilitating the health and well-being of the publics I've served, has been integral to my life. With that in mind, I am testifying in **STRONG SUPPORT** of SB1232.

This Bill is not Anti-Business, and in fact, my recent informational interviews with business, association, commission, and beverage distribution leaders, indicates there is a pro-business case. For example, supporting SB1232 would be considered Integral to their respective strategic plan's civic responsibility objectives, community image, public relations, and strategic partnerships.

From my perspective the solution comes from a whole community approach since the challenge is a whole community problem. From the business community, their responses were close to unanimous, "there would be a significant return on community and business investment" in supporting SB1232.

The opposition certainly possesses valid concerns and I am genuinely sympathetic to those. I understand profitability and revenue are critical. Their solutions are short-term, totally focused on their respective businesses, and sustainability really depends on how sound their business plan is. However, in my experience in order to experience

success I've had to see the bigger picture and see things from a long-term, whole community, collaboratively designed solution. Passing SB1232 does just that.

As part of the national study of treatment and addiction, I discovered components of their research, indicated passing of Bills like SB1232 can significantly reduce the financial burden on business and taxpayers in general.

Simply stated, **FASD comes WITH SIGNIFICANT SOCIAL COST ACROSS THE LIFESPAN in the form of increased medical, educational, and vocational support and lost productivity**

I do passionately and professionally ask for you to support and consider passing SB1232 for the children and the families of Hawaii.

And finally, SB1232 directly coincides with the State of Hawaii Health Department's strategic plan. **"to invest in healthy babies and families**, take health to where people live, work, learn and plan and create a culture of health."

Thank you for your kind consideration. Always with Gratitude.

Respectfully yours,

Richard D. Le Burkien, MPH

Reference

Astley, S. J. (2010). Profile of the first 1,400 patients receiving diagnostic evaluations for fetal alcohol spectrum disorder at the Washington State Fetal Alcohol Syndrome Diagnostic & Prevention Network. *Canadian Journal of Clinical Pharmacology*, 17(1), e132–e164.

Barker, C., Kulyk, J., Knorr, L., & Brenna, B. (2011). Open Inclusion or Shameful Secret: A Comparison of Characters with Fetal Alcohol Spectrum Disorders (FASD) and Characters with Autism Spectrum Disorders (ASD) in a North American Sample of Books for Children and Young Adults. *International Journal of Special Education*, 26(3), 171–180. Retrieved from <http://search.ebscohost.com.libproxy.edmc.edu/login.aspx?direct=true&db=Eric&AN=EJ959010&site=eds-live>

Kodituwakku, P., & Kodituwakku, E. (2014). Cognitive and behavioral profiles of children with fetal alcohol spectrum disorders. *Current Developmental Disorders Reports*, 1(3), 149–160. <https://doi.org/10.1007/s40474-014-0022-6>

Thorne, J. C. 1. jct6@uw. ed. (2017). Accentuate the Negative: Grammatical Errors During Narrative Production as a Clinical Marker of Central Nervous System Abnormality in School-Aged Children With Fetal Alcohol Spectrum Disorders. *Journal*

ofSpeech, Language & Hearing Research, 60(12), 3523–3537. <https://doi-org.libproxy.edmc.edu/10.1044/2017pass:JSLHR-L-17-0128>

To: The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

Re: Strong Support of SB 1232, Relating to Liquor

Hrg: Tuesday, February 16, 2021 at 10:00am at Conference Room 211

Position: Support

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means.

My name is Melany Melakea, from Kahaluu. Thank you for the opportunity to submit testimony in STRONG SUPPORT of SB 1232, SD1, Relating to Liquor.

Excessive alcohol consumption ruins lives in our community and costs money.

According to the CDC, the consequences of excessive alcohol cost our State nearly 1 billion dollars per year.

Research studies have demonstrated that when the price of alcohol increases, alcohol consumption declines--even among heavy drinkers. Alcohol related injuries also decline. The CDC's *Guide to Community Preventive Services* identified and summarized findings from 78 high-quality, peer reviewed studies to assess the impact of increasing alcohol excise taxes on excessive alcohol consumption and related harms.

This bill gives the Legislature ways to help and support the people of Hawaii. A ten cent increase will provide 62 million plus dollars to the general fund of the State and reduce the harm of excessive alcohol use and help prevent underage drinking. This increase applies only to those who purchase alcohol--not the general public.

I urge you to pass SB 1232, SD 1 out of committee.

Mahalo for the opportunity to submit testimony,
Melany Melakea

SB-1232-SD-1

Submitted on: 2/15/2021 9:44:13 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony J Troche	Individual	Support	No

Comments:

I support this bill.

SB-1232-SD-1

Submitted on: 2/15/2021 9:51:12 AM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
LAURIE HY KAWAMURA	Individual	Support	No

Comments:

I AM SUPPORTING SB1232. Alcohol is a teratogen - which alters brain cells throughout the fetus' development. During this time, all organs are impacted by alcohol in the womb. Fetal Alcohol Spectrum Disorder (FASD) has been described as a womb to tomb diagnosis and is a spectrum disease with a range of high function to severe impairment. Here are a few FASD facts: there is a huge disparity between chronological and mental age has often been reported in FASD children, FASD children may understand 1 in three words spoken to them and a study conducted in 2018 estimates 1 in 20 first graders have FASD. Alzheimer's Disease, dementia and COVID 19 became a part of our everyday vernacular when it affected public health.

- 1. 12 year old adopted son was recently diagnosed with FASD and was evaluated by many healthcare professionals over the years. Previously he was diagnosed with ADHD and dyslexia. son's FASD diagnosis was made with assistance from Dr. Ann Yabusaki with the FASD HI Action group. son and family were in crisis before, during and after his FASD diagnosis. Dr. Yabusaki has provided immeasurable support to my family, my son's healthcare providers and school by educating us about FASD and how we can best support my son in the short and long term. The FASD HI Action group has invested in the community by educating health care and educational professionals to understand the disease state, how to diagnose and best support FASD individuals in their respective settings. FASD is severely under diagnosed with many symptoms that are often associated with other neurological disorders such as ADHD and autism. SB1232 will:*

- effectively raise awareness and services of FASD, and address the long term effects of consuming alcohol during pregnancy.*
- has the potential to positively impact children with FASD and curb future occurrences.*

.10 a drink is a minuscule amount when considering the markup on alcohol and how it will provide education and guidance to families and professionals that support children and families afflicted with FASD. SB1232 is an investment with longterm benefits to the community and society. Thank you.

LATE

SB-1232-SD-1

Submitted on: 2/15/2021 1:51:51 PM

Testimony for WAM on 2/16/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Park	Individual	Support	No

Comments:

Good morning, Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Senate Committee on Ways and Means. My name is Michelle Park, from Kaneohe. Thank you so much for the opportunity to submit testimony in STRONG SUPPORT of SB 1232, SD1, Relating to Liquor.

Alcohol continues to be the no. 1 substance of use to treatment admission among adolescents and adults.

Alcohol does not pay for itself. According to the Department of Health Alcohol and Drug Abuse Division alcohol continues to be the top substance of admission to all treatment facilities in Hawaii. Likewise, according to the CDC, the consequences of excessive alcohol cost the State nearly 1 billion dollars per year. This equates to \$1.58 per drink.

The State of Hawaii, Department of Transportation has clear evidence that alcohol is too the no. 1 substance of use in all motor vehicle crashes in the state. This means that more than any other substance alcohol is the drug that causes these crashes and often puts individuals in harm both in the vehicle and as a common driver on public roads. Excessive alcohol use is responsible for more than 95,000 deaths in the United States each year, or 261 deaths per day. These deaths shorten the lives of those who die by an average of almost 29 years, for a total of 2.8 million years of potential life lost. Binge drinking is most common among men, whites, 18-34-year old's, and people with household incomes greater than \$50,000.

Numerous research studies have established that when the price of alcohol increases, alcohol consumption declines, even among heavy drinkers. Alcohol-related harms decline as well. CDC's *Guide to Community Preventive Services* identified and summarized findings from 78 high-quality, peer reviewed studies to assess the impact of increasing alcohol excise taxes on excessive alcohol consumption and related harms.

These science-based studies go through a rigorous process of peer-review and provide a balanced report of their findings.

This bill gives the Legislature ways to help and support the people of Hawaii. A ten-cent increase will provide 62 million plus dollars to the general fund of the State and reduce the harm of excessive alcohol use and help to prevent underage drinking. This increase applies only to those who purchase alcohol and not the general public.

I urge you to pass SB 1232, SD 1 out of committee.

Mahalo for the opportunity to submit testimony.

With Regards - Michelle J. Park