

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. Box 3378  
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doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of S.B. 138  
RELATING TO TOBACCO TAXES**

SENATOR JARRETT KEOHOKALOOLE, CHAIR  
SENATE COMMITTEE ON HEALTH

Hearing Date: 2/8/2021

Room Number: Videoconference

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

3 **Department Testimony:** The DOH supports Senate Bill 138 (S.B. 138) as a strategic measure  
4 to protect the health of Hawaii's citizens, particularly youth, from the harmful effects of tobacco  
5 initiation, use, and addiction. This measure increases the cigarette and tobacco tax. Significantly  
6 increasing the excise tax and price of tobacco products is the most consistently effective tool for  
7 reducing tobacco use.<sup>1</sup>

8 Tobacco use is the most preventable cause of death in Hawaii, killing 1,400 people each  
9 year, while thousands of others suffer from smoking-caused disease and disability. It is also a  
10 substantial drain on the state's economy, costing the state \$526 million in health care costs every  
11 year.<sup>2</sup>

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<sup>1</sup> U.S. National Cancer Institute and World Health Organization. *The Economics of Tobacco and Tobacco Control*. National Cancer Institute Tobacco Control Monograph 21. NIH Publication No. 16-CA-8029A. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, National Cancer Institute; and Geneva, CH: World Health Organization, 2017.

<sup>2</sup> Centers for Disease Control and Prevention, *Best Practices for Comprehensive Tobacco Control Programs*, 2014, Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health.

[http://www.cdc.gov/tobacco/stateandcommunity/best\\_practices/](http://www.cdc.gov/tobacco/stateandcommunity/best_practices/)

1           In 2020, the COVID-19 pandemic underscored the importance of protecting lung health.  
2 Cigarette, cigar, and other combustible tobacco users have been found to be at greater risk for  
3 developing serious complications from COVID-19. Systematic meta-analyses have concluded  
4 that smoking has led to adverse outcomes associated with COVID-19 and worse disease  
5 progression, which aligns with research showing that smokers are at greater risk for contracting  
6 and experiencing severe respiratory infections.<sup>3</sup>

7           There is a clear need to protect our youth from tobacco industry efforts to addict them.  
8 Over 2,300 of Hawaii’s youth try their first cigarette each year and one in three who get hooked  
9 on tobacco will die prematurely from it.<sup>4</sup> Young people are more responsive to tax increases for  
10 several reasons, including their lower incomes, which make them more price sensitive, and the  
11 shorter amount of time spent smoking compared to older smokers, which makes them likely to  
12 be less addicted.<sup>5</sup> Economic studies in peer-reviewed journals have documented that a 10%  
13 cigarette price increase, if maintained against inflation, reduces youth smoking rates by 6.5% or  
14 more, young adult (18-24 years old) smoking rates by about 3.25%, adult smoking rates by 2%,  
15 and total consumption by 4%.

16           The last increase in Hawaii’s cigarette tax was in 2011, raising it to \$3.20 per pack. In  
17 the U.S., Washington, D.C. ranks highest in cigarette excise tax at \$4.50. Raising cigarette taxes  
18 can reduce tobacco use by preventing initiation especially among youth, encourage current users  
19 to quit, reduce health care costs, and generate revenue.

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

21   **Offered Amendments:** None

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<sup>3</sup> Patanavanich, R., Glantz, S.A. Smoking is associated with COVID-19 progression: A meta-analysis. *Nicotine Tob. Res. Off. J. Soc. Res. Nicotine Tob.* 2020

<sup>4</sup> U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, *Results from the 2019 National Survey on Drug Use and Health: Detailed Tables*, 2019

<sup>5</sup> Chaloupka FJ, Cummings KM, Morley CP, Horan JK. Tax, price and cigarette smoking: evidence from the tobacco documents and implications for tobacco company marketing strategies. *Tobacco control.* 2002;11 Suppl 1: I62-72.

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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To: The Honorable Jarrett Keohokalole Chair;  
The Honorable Rosalyn H. Baker, Vice Chair;  
and Members of the Senate Committee on Health

From: Isaac W. Choy, Director  
Department of Taxation

Date: February 8, 2021  
Time: 1:00 P.M.  
Place: Via Video Conference, State Capitol

**Re: S.B. 138, Relating to Tobacco Taxes**

The Department of Taxation (Department) offers the following comments on S.B. 138 for your consideration.

S.B. 138 increases the tax on cigarettes and little cigars from 16 cents per cigarette (\$3.20 per pack) to 21 cents per cigarette (\$4.20 per pack). This measure also makes amendments to how cigarette and little cigar tax revenue is allocated. S.B. 138 is effective July 1, 2021.

The Department respectfully requests this bill's effective date be no earlier than July 1, 2022 to give the Department time to update its forms, instructions, computer system, and cigarette stamps. Sufficient time is required to procure new stamps and distribute them for stamping.

Thank you for the opportunity to provide comments this measure.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Health  
Monday, February 8, 2021 at 1:00 p.m.

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

### SB 138 – RELATING TO TOBACCO TAXES

Chair Keohokalole, Vice Chair Baker, and members of the Committee:

The University of Hawai'i Cancer Center supports this proposed legislation. The excise tax on cigarettes has led to a reduction in tobacco use, improving the health of the people of Hawai'i, and provided funding for important State of Hawai'i initiatives.

The proposed modification as outlined in SB 138 will have the following beneficial effects:

1. Further reduce use of tobacco products, thereby improving the health of the population, and leading to a reduction in costs incurred by the State of Hawai'i for healthcare of individuals on publicly funded plans;
2. Address the decline in annual revenues, due to less tobacco use, in supporting the cancer research special fund, the trauma system special fund, the community health centers special fund, the emergency medical services special fund and the health systems special fund; and
3. Provide for the establishment of a special account of the state general fund for expenditure to repay medical school loans of graduates of the John A. Burns School of Medicine who practice in medically underserved areas of the State.

Thank you for the opportunity to provide testimony in support of this proposed legislation.



## **HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

### **SENATE COMMITTEE ON HEALTH**

February 8, 2021  
1:00 p.m.  
Via Videoconference

#### **Testimony in Support of Senate Bill 138 RELATING TO TOBACCO TAXES.**

**Increases the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning July 1, 2021. Allocates excise tax revenue generated at the increased rate to specified health improvement purposes beginning July 1, 2021.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **in support of S.B. 138**.

This bill provides that 1.66 cents per cigarette be deposited to the credit of the health systems special fund under section 323F-21, effective July 1, 2021. HHSC supports this measure as a way to provide an alternative revenue stream that would reduce HHSC's reliance on State of Hawaii general fund appropriations support by the amount of the funds raised through this tax. This funding would allow HHSC to continue its mission of providing accessible, high quality, cost-effective services that address the healthcare needs of Hawaii's unique island communities.

Thank you for the opportunity to testify before this committee **in support** of this measure.

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*Garret Sugai  
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*Catherine Taschner, JD  
McCorriston Miller Mukai  
MacKinnon LLP*

Date: February 7, 2021

To: Senator Jarrett Keohokalole, Chair  
Senator Rosalyn H. Baker, Vice Chair  
Members of the Health Committee

Re: Strong Support for SB 138, Relating to Tobacco Taxes

Hrg: February 8, 2020 at 1:00 PM, Video Conference

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The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute<sup>i</sup> offers testimony in **Strong Support on SB 138**, which increases the cigarette tax by five cents and specifies revenue increases to be dedicated to specified health improvement purposes.

The Coalition supports an increase in taxes on cigarettes and tobacco products. Tobacco use is still the number one preventable cause of death and costs our State \$526 million annually. According to the U.S. Surgeon General<sup>ii</sup>, increasing the price of tobacco products (raising taxes) the single most effective way to reduce consumption of tobacco products for both adults and youth. The Coalition notes that there has not been an increase in taxes on cigarettes and little cigars in over ten years. Taxes need to be increased regularly to correct for inflation and consumer purchasing power.

Majority of registered Hawai'i voters support an increase in cigarette taxes (82%) and more than nine in ten registered voters (95%) feel that it is important for the State to dedicate part of its revenue to tobacco prevention and cessation programs<sup>iii</sup>. Populations at risk that continue to experience higher rates of smoking would be the primary beneficiaries of these education and cessation activities, helping to provide them with the resources needed to quit smoking and to help curb the high costs associated with tobacco use. We humbly ask that a portion of the proposed tobacco tax revenue be dedicated to tobacco prevention and cessation programs.

With the COVID-19 pandemic, measures to improve health are of increased importance. As COVID-19 is an infectious disease that primarily attacks the lungs, cigarette use is especially concerning.

Smoking impairs lung function, making it harder for the body to fight off coronaviruses and other diseases. In a statement by the WHO on tobacco use and COVID-19, “Tobacco is also a major risk factor for noncommunicable diseases like cardiovascular disease, cancer, respiratory disease and diabetes which put people with these conditions at higher risk for developing severe illness when affected by COVID-19. Available research suggests that smokers are at higher risk of developing severe disease and death.<sup>iv</sup> As mentioned, an increase in price will lead to a reduction in smoking. Nationally, every 10 percent increase in cigarette prices reduces youth smoking by about seven percent and total cigarette consumption by about four percent.<sup>v</sup>

The Coalition strongly supports SB138 and asks you to pass this measure out of committee.

Thank you for the opportunity to provide testimony in strong support.

Mahalo,



Jessica Yamauchi, MA  
Executive Director

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<sup>i</sup> 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.

<sup>ii</sup> 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 2021 Feb 7]

<sup>iii</sup> 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.

<sup>iv</sup> <https://www.who.int/news/item/11-05-2020-who-statement-tobacco-use-and-covid-19> [accessed 2021 Feb 7]

<sup>v</sup> Tauras JA, O'Malley PM, Johnston LD, “Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis,” Bridging the Gap Research, ImpacTeen, April 2001. Available at: <https://impacteen.uic.edu/access.htm>



**American  
Heart  
Association.**

## **Testimony In Support of Intent of SB 138, “Relating to Tobacco Taxes”**

The American Heart Association (AHA) of Hawaii supports SB 138 but urges that a portion of any future cigarette tax increases be earmarked to support community tobacco prevention, education and cessation programs. Without adequate funding of smoking prevention and cessation programs, Hawaii taxpayers, non-smokers and smokers alike, will continue to have to pay the enormous medical costs related to smoking while the tobacco industry reels in hideous profits. The AHA also urges that the increase be made in one year rather than phased in over several years. A one-time sizeable tax increase will have a greater impact on reducing smoking rates in Hawaii, especially on the lower income and youth markets, which are more price sensitive, and which are the most highly targeted by tobacco company marketing and advertising.

Because smoking levels are highest among people with low incomes, the cigarette companies try to argue that cigarette tax increases are regressive taxes that fall disproportionately hard on lower-income families and communities. But this argument turns reality upside down. The fact that smoking rates are highest among lower-income groups means that lower-income families and communities currently suffer the most from smoking and will, consequently, benefit the most from any effective new measures to reduce smoking, including increased state cigarette taxes.

While tobacco tax increases prevent and reduce smoking among all income groups, they work most powerfully to prompt lower-income smokers to quit or cutback and to stop lower-income keiki from ever starting. As a result, low-income families and communities will not be the victims of any cigarette tax increase but its biggest beneficiaries.

Cigarette companies’ regressivity argument fails to account for each of these facts:

- Increases to state cigarette tax rates will place no new financial burdens on the more than 86 percent of Hawaii adults who neither smoke cigarettes nor buy them.
- While new cigarette tax increases will raise cigarette prices, many current smokers will avoid the higher prices by quitting or cutting back – and lower-income smokers are much more likely than higher-income smokers to quit or cut back in response to price increases. In fact, all of the smokers who quit and many of those who cut back because of cigarette tax increases would actually save money by spending less on cigarettes.
- Those who stop smoking in response to cigarette tax increases would greatly improve their own health, which could also significantly reduce their healthcare costs. Because of their higher rate of illness and disability, smokers have substantially higher annual and lifetime healthcare costs than nonsmokers or former smokers (despite living shorter lives). Cigarette smoking is responsible for more than 480,000 deaths per year in the United States, including more than 41,000 deaths

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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.

- Any significant state cigarette tax increase also would bring in millions of dollars per year in new government revenues, thereby reducing pressures for other, broader-based tax increases. Smokers who quit would likely spend the money saved from paying for cigarettes on other products or services that would benefit the state tax coffers without adding to healthcare costs.
- The smoking declines produced by significant cigarette tax increases save lives, reduce human suffering, promote the public health, and prevent more kids from becoming addicted to smoking or ultimately dying from it – and these results are disproportionately experienced among low-income persons, families, and communities. Even those low-income smokers who do not change their behavior because of tobacco tax increases still benefit from having fewer family members, friends, and neighbors falling victim to tobacco use.
- Low-income smokers and their communities disproportionately benefit when the new revenues from cigarette tax increases are directed to programs to help people quit smoking and prevent kids from starting – both because smoking is more prevalent among low-income persons and because they may have much less access or exposure to any such programs than people with higher incomes.
- In poll after poll low-income Americans – along with all other Americans – strongly support higher cigarette taxes to prevent and reduce youth smoking.

Cigarette companies say that they oppose higher cigarette taxes because they care about low-income families and the poor. But these are the same companies that have been preying on low-income and poor communities for decades. The companies' efforts to “protect” low-income smokers from higher cigarette taxes are not only patronizing, but a self-serving smokescreen designed to protect cigarette company profits and continue smoking-caused costs and harms.

According to the U.S. Centers For Disease Control (CDC), The tobacco industry spends billions of dollars each year on cigarette and smokeless tobacco advertising and promotions. \$9.06 billion was spent on advertising and promotion of cigarettes and smokeless tobacco combined—about \$25 million every day, and more than \$1 million every hour.

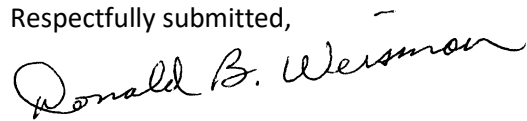
Hawaii received \$160.3 million (estimated) in revenue from tobacco settlement payments and taxes in fiscal year 2019. Of this, the state allocated \$4.5 million in state funds to tobacco prevention in fiscal year 2019, 32.9% of the Centers for

Disease Control and Prevention's annual spending target (none of the allocated prevention funding came from tobacco taxes).

I'd like to note that should an e-cigarette tax be considered in another bill by this committee that the Association recommends e-cigarettes be taxed at a rate that creates parity with current cigarette and other tobacco taxes to also reduce their attractiveness to Hawaii youths.

The American Heart Association of Hawaii urges you to support an increase in the cigarette tax, to earmark a portion of the funds for the Tobacco Settlement Fund, and to make the terms of the increase immediate rather than phased in over three years.

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



**Testimony to the Senate Committee on Health  
Friday, February 8, 2021; 1:00 p.m.  
Via Videoconference**

**RE: SENATE BILL NO. 0138, RELATING TO TOBACCO TAXES.**

Chair Keohokalole, Vice Chair Baker, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **COMMENTS** on Senate Bill No. 0138, RELATING TO TOBACCO TAXES.

The bill, as received by your Committee, would:

- (1) Increase the tax on each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer on or after July 1, 2021, from 16.00 to 21.00 cents;
- (2) Specify that the collected tax increase be distributed as follows:
  - (A) 3.0 cents per cigarette to the Hawaii Cancer Research Special Fund for research, operating expenses, and capital expenditures;
  - (B) 1.125 cents per cigarette, but not more than \$7,400,000 in a fiscal year to the Trauma System Special Fund;
  - (C) 2.92 cents per cigarette, but not more than \$8,800,000 in a fiscal year to the Community Health Centers (CHC) Special Fund;
  - (D) 1.25 cents per cigarette, but not more than \$8,000,000 in a fiscal year to the Emergency Medical Services Special Fund;
  - (E) 1.67 cents per cigarette to a special account of the General Fund to repay medical school loans of graduates of the John A. Burns School of Medicine (JABSOM) who practice in primary care in the medically underserved population areas of the State, as determined by JABSOM; and

(F) 1.66 cents per cigarette to the Health Systems Special Fund.

By way of background, the HPCA represents Hawaii Federally-Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

FQHCs have long seen first-hand how tobacco has literally destroyed the lives of our patients and their families. Because of the ubiquity of cigarettes, chewing tobacco, and now electronic smoking devices, the impacts of tobacco affect our citizenry on a generational basis with people experimenting at even earlier ages.

Pragmatically speaking, tobacco will continue to be consumed regardless of anything done at the Legislature. But, if a tax increase can serve as a disincentive for consuming this product, then the interests of the general public are served.

And it should be noted that previous tax increases as well as public health media campaigns have been effective in reducing consumption of tobacco in recent years to the point where collections of the Cigarette Tax and Tobacco Tax have steadily diminished.

Proceeds from the Cigarette Tax and Tobacco Tax have served as a dedicated source of revenue for very important public health programs. The one most directly affecting our organization is the Community Health Center Special Fund, which is essential for the operations of most of our member FQHCs. Yet, because collections have decreased each year, there is uncertainty whether outlays for essential programs provided by FQHCs will continue.

While this bill would increase the amount of funds deposited to the CHC Special Fund, among others, we note that the State is facing the worst financial crisis since the Great Depression, and that there is enormous pressure on lawmakers to eliminate special funds and transfer the balances to the General Fund. Numerous bills have been introduced to repeal the CHC Special Fund, among others, and are pending action by other committees.

It is HPCA's position that the continued existence of the CHC Special Fund is essential for the operations of FQHCs in the State. Without it, our member FQHCs, who collectively serve over 160,000 residents of the State, would not have a consistent source of revenues to operate at Kalihi-Palama Health Center, Kokua Kalihi Valley Comprehensive Family Services, Koolauloa Health Center, Wahiawa Health, Waianae Coast Comprehensive Health Center, Waikiki Health, Waimanalo Health Center, Bay Clinic,

**Testimony on Senate Bill No. 0177**  
**Friday, February 5, 2021; 9:30 a.m.**  
**Page 3**

Hamakua Health Center, West Hawaii Community Health Center, Lanai Community Health Center, Hana Health, Malama I Ke Ola Health Center, Molokai Community Health Center, and Kauai Community Health Center.

While we greatly appreciate the intent of this measure, we recognize that much can happen over the next two months, and the financial outlook could brighten to make this measure feasible. **But so long as the threat of repeal exists for the CHC Special Fund, our message to lawmakers is this -- please do all that you can to retain this vital financing mechanism.**

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or [eabe@hawaiiipca.net](mailto:eabe@hawaiiipca.net).



## Hawaii Dental Association

To: Senate Committee on Health  
Time/Date: 1 p.m., February 8, 2021  
Location: State Capitol Via Teleconference  
Re: SB 138, Relating to Tobacco Taxes

Aloha Chair Keohokalole, Vice Chair Baker, 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 SB 138**, relating to tobacco taxes. This bill increases the cigarette and tobacco tax on cigarettes and little cigars by five cents and allocates excise tax revenue generated at the increased rate to specified health improvement.

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. 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 SB 138.



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Cancer Action Network  
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[www.fightcancer.org](http://www.fightcancer.org)

Senate Committee on Health  
Senator Jarrett Keohokalole, Chair  
Senator Rosalyn H. Baker, Vice Chair

**SB 138 – RELATING TO TOBACCO TAXES**

Cynthia Au, Grassroots Manager – Hawaii Pacific  
American Cancer Society Cancer Action Network

Thank you for the opportunity to provide testimony in SUPPORT of SB 138, which increases the cigarette and tobacco tax on cigarettes and little cigars sold on or after July 1, 2021, by five cents each with proceeds funding public health initiatives.

The American Cancer Society Cancer Action Network (ACS CAN) is the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society. We support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. At this critical moment with focus on protecting respiratory health, we must do everything in our power to keep our communities healthy and safe. We urge you to vote “yes” on this life-saving legislation to increase the tax on cigarettes by five cents to prevent kids from starting to use tobacco and help adults quit.

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. Residents' state & federal tax burden from smoking-caused government expenditures is \$835 per household. Smoking-caused productivity losses in Hawaii is \$387.3 million. Proportion of cancer deaths in Hawaii attributable to smoking is 26%.<sup>1</sup> These amounts do not include health costs caused by exposure to secondhand smoke, smoking-caused fires, smokeless tobacco use, or cigar and pipe smoking.

Smoking harms nearly every organ in the body and increases the risk for many types of cancer, heart attack, stroke, COPD, emphysema, chronic bronchitis, and other diseases.<sup>2</sup> People who smoke or who used to smoke are at increased risk for severe illness from COVID-19. Smoking is also a proven risk factor for cancer, chronic obstructive pulmonary disease (COPD) and heart disease, which also put people at

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<sup>1</sup> Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. Updated October 2020. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

<sup>2</sup> Centers for Disease Control and Prevention (CDC). Health Effects of Cigarette Smoking. Updated April 28, 2020.

increased risk for severe illness from COVID-19. Regardless of any association with COVID-19, the adverse health effects of smoking are well-documented and irrefutable.

Small tax increase amounts do not produce significant public health benefits or cost savings because tobacco companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Increasing the tax rate with inflation will also help to ensure that the public health and revenue benefits of the tax increase do not diminish as quickly over time.

In closing, from the cancer control perspective, we believe the status quo that perpetuates preventable tobacco-related death and disease is unacceptable. The relatively low price of tobacco products makes it too easy for youth to afford to start smoking and continue smoking, and current tobacco tax rates do little to defray the enormous societal cost smoking has on the economy. If we are serious about reducing the toll of preventable cancer and chronic disease in our state, a high-impact tobacco tax increase such as this will help us achieve that life-saving mission.

We urge you to vote “yes” on of SB 138 to increase cigarette and tobacco tax on cigarettes and little cigars sold on or after July 1, 2021, by five cents each to save lives, save money, and generate much-needed revenue for Hawaii.

Thank you for the opportunity to comment on this matter.





## **HAWAII MEDICAL ASSOCIATION**

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### **SENATE COMMITTEE ON HEALTH**

Senator Jarrett Keohokalole, Chair

Senator Rosalyn H. Baker, Vice Chair

Date: February 9, 2021

From: Hawaii Medical Association

Michael Champion MD, President

Christopher Flanders DO, HMA Legislative Liaison

Stephen Kemble MD, HMA Legislative Liaison

Elizabeth Ann Ignacio MD, Chair, HMA Legislative Committee

Linda Rosehill JD Legislative Affairs

### **Re: SB 138 Cigarette and Tobacco Tax; Increase; Health Care**

#### **Position: Support**

Hawaii continues to struggle with the increased morbidity and mortality caused by cigarettes and smokeless tobacco. The Hawaii Medical Association supports this and all measures that can reduce the use of tobacco products in Hawaii adults and children.

Thank you for allowing the Hawaii Medical Association to testify on this issue.

#### **HMA OFFICERS**

President – Michael Champion, MD President-Elect – Angela Pratt, MD

Immediate Past President – Jerry Van Meter, MD Treasurer – Elizabeth A. Ignacio, MD

Executive Director – Thomas Kosasa, MD



## HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814

Phone (808) 536-7702 Fax (808) 528-2376

[www.hawaiimedicalassociation.org](http://www.hawaiimedicalassociation.org)

## REFERENCES

Sherman R. Mammogram guidelines can put women of color at risk. *Washington Post*. December 8, 2020. <https://www.thelily.com/mammogram-guidelines-can-put-women-of-color-at-risk-these-women-thank-god-they-advocated-for-themselves/>

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Date: Monday, February 8, 2021

To: The Honorable Senator Jarrett Keohokalole, Chair  
The Honorable Senator Rosalyn H. Baker, Vice-Chair  
Committee on Health

From: Paula Arcena, Executive Vice President, External Affairs  
Peggy Mierzwa, Senior Public Policy Analyst, External Affairs

RE: **SB138 Support Relating to Tobacco Tax**

AlohaCare appreciates the opportunity to provide testimony in **support of SB138**, which increases the cigarette and tobacco tax on cigarettes and little cigars by five cents. This increase would help deter people from purchasing tobacco products. Additionally, the revenue would help to address healthcare needs in the state.

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.

Tobacco remains the one most preventable cause of death, and every year tobacco use costs the state \$526 million. By charging people an additional \$1 per pack, more people will seek ways to stop use. At risk populations will benefit greatly from cessation. These groups will be able to more easily achieve wellness without the burden of tobacco related diseases affecting their health.

We thank the committee for hearing this measure, which takes steps to ensure people's wellness. It deters the purchase of tobacco products while funding the people and institutions that support health in our communities.

Mahalo for this opportunity to **support SB138** and a tobacco free future.



**HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

**SENATE COMMITTEE ON HEALTH**

February 8, 2021  
1:00 p.m.  
Via Videoconference

**Testimony in Support of Senate Bill 138  
RELATING TO TOBACCO TAXES.**

**Increases the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning July 1, 2021. Allocates excise tax revenue generated at the increased rate to specified health improvement purposes beginning July 1, 2021.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **in support of S.B. 138**.

This bill provides that 1.66 cents per cigarette be deposited to the credit of the health systems special fund under section 323F-21, effective July 1, 2021. HHSC supports this measure as a way to provide an alternative revenue stream that would reduce HHSC's reliance on State of Hawaii general fund appropriations support by the amount of the funds raised through this tax. This funding would allow HHSC to continue its mission of providing accessible, high quality, cost-effective services that address the healthcare needs of Hawaii's unique island communities.

Thank you for the opportunity to testify before this committee **in support** of this measure.

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

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[www.hhsc.org](http://www.hhsc.org) <<http://www.hhsc.org>>

Testimony Presented Before the  
Senate Committee on Health

February 8, 2021  
By Jerris R. Hedges, MD

SB 138 – RELATING TO TOBACCO TAXES.

Chair Keohokalole, Vice-Chair Baker and members of the committee:

My name is Jerris Hedges, and I serve as dean at the John A. Burns School of Medicine (JABSOM).

I am writing in **support** of SB 138, which increases the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning as of July 1, 2021 and allocates the excise tax revenue generated at the increased rate to specified health improvement purposes. The bill specifies that 1.67 cents per cigarette shall be deposited into a special account of the state general fund for expenditure to repay medical school loans of graduates of JABSOM, who practice in primary care in the medically underserved areas of this State (as determined by JABSOM).

Hawai'i faces a critical need for recruitment and retention of physicians to serve rural and medically-underserved areas of the State. The shortage of physicians is as high as 1,008 compared to states of similar overall population in the US. This shortage is compounded by the fact that Hawai'i has the fifth oldest physician workforce of all the states and more than half of the State's physicians will be over age sixty-five within ten years.

Loan repayment relief to JABSOM graduates who agree to practice in the areas of highest need has been shown to have great promise. The healthcare provider loan repayment program administered by JABSOM has successfully provided loan repayment to 54 professionals. Currently there are eleven physicians participating in the loan repayment program. Four additional physicians are waiting for funding. Moreover, it has been demonstrated that students who attend medical school in Hawai'i and complete their residency training here remain in Hawai'i. Over 80% of JABSOM's graduates in that category have stayed to practice in the state.

In many cases, the increasingly high cost of education for medical students and their families impacts their future career decisions. High educational debt discourages physicians from entering primary care fields and/or choosing to practice on the neighbor islands or in rural areas of Oahu where the need is greatest. The allocation of a percentage of the revenue generated from the increased cigarette and tobacco tax would provide a meaningful benefit in encouraging physicians to practice in primary care in medically-underserved communities where the need for health care is the greatest.

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



## **SB138 Tax E-Cigarettes**

COMMITTEE ON HEALTH,

- Sen. Jarrett Keohokalole, Chair; Sen. Rosalyn Baker, Vice Chair
- Wednesday, Feb. 8 2021: 1:00 pm: Videoconference

### **HSAC Supports SB138:**

*GOOD MORNING 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.*

- Raising the tax can help Hawai'i recovery our economy.
- Taxes and the continuing increase in taxes has proven to help people quit or sustain cessation.
- Helps to discourage youth from starting.

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

**SB-138**

Submitted on: 2/5/2021 6:41:36 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeff Stevens	Individual	Oppose	No

Comments:

No more taxes or regulations.



**SB-138**

Submitted on: 2/5/2021 7:04:25 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Monika Lopez	Individual	Oppose	No

Comments:

The tax is too damn high already.

**SB-138**

Submitted on: 2/7/2021 12:48:27 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jessica Chang	Individual	Oppose	No

Comments:

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TESTIMONY OF TINA YAMAKI, PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
February 8, 2021

Re: SB 138 Relating to Tobacco Taxes

Good afternoon Chair Keohokalole and members of the Senate Committee on Health. 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 SB 138 Relating to Tobacco Taxes. This measure increases the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning July 1, 2021; and allocates excise tax revenue generated at the increased rate to specified health improvement purposes beginning July 1, 2021.

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

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 the convenient corner store would be gone and leaving our friends, family, and neighbors out of work.

This tax is compounded and paid by the distributor as well as the retailer and anyone in between. It is not just a couple of cents per product increase.

We also want to make it clear that retailers are not the ones selling the cigarettes and the vaping devices to those who are under 21 years of age. Many of whom are underage are obtaining their cigarettes and vaping devices from their parents or older friends or purchasing them on the black market. We have seen a significant spike in theft and tobacco products are a favorite to be stolen. Those selling the stolen goods do not card to see how old someone is.

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.

**LATE**

**SB-138**

Submitted on: 2/7/2021 3:04:40 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alex Abe	Individual	Oppose	No

Comments:

I'm Alex and I **strongly oppose** this bill! Enough is enough!!!

Testimony Presented Before the  
Senate Committee on Health



February 8, 2021

By

Lee Buenconsejo-Lum, MD, FAAFP

SB 138 – RELATING TO TOBACCO TAXES.

Chair Keohokalole, Vice-Chair Baker, and members of the committee:

My name is Lee Buenconsejo-Lum. I am a Family Physician practicing in Central O‘ahu and also oversee all of the academic programs at the John A. Burns School of Medicine (JABSOM) that lead to becoming a licensed physician in Hawai‘i. I am writing in **support** of SB 138 as an individual citizen.

SB 138 proposes to increase the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning as of July 1, 2021 and allocates the excise tax revenue generated at the increased rate to specified health improvement purposes. The bill specifies that 2.92 cents per cigarette, but not more than \$8,800,000 in a fiscal year, shall be deposited to the credit of the community health centers special fund. The bill also newly specifies that 1.67 cents per cigarette shall be deposited into a special account of the state general fund for expenditure to repay medical school loans of graduates of JABSOM, who practice in primary care in the medically underserved areas of this State, as determined by JABSOM. I will briefly address both of these issues.

In September 2020, the Community Care and Outreach (CCO) Unit within the HI-EMA Emergency Support Function 8 (medical and public health) conducted a statewide survey of 7,927 participants (the Impact of COVID-19 on Individual's Health and Social Welfare). The survey gathered data on the impact, needs, and threats to individuals and their families related to COVID-19. The full results were shared with State leadership and the individual sub-group reports are now in the process of publication. The survey was primarily distributed via Internet, but also utilized paper or in-person methods to reach those who may not have Internet access (houseless, Pacific Islanders, clients of community health centers, et al). Four percent of survey respondents were of Pacific Islander ancestry, mirroring the State demographics. Despite the likely under-reporting from our most vulnerable populations, more than 40% of respondents had a total household income below the "ALICE Household survival budget" of \$90,828 as defined in the 2020 Aloha United Way [ALICE Report for Hawai‘i](#) (ALICE is an acronym for Asset Limited, Income Constrained, Employed). At the time of the HI-EMA CCO survey, 32% of participants had experienced reduced work hours, 20% reported losing their job, and 11% experienced increased work hours. Nearly one-quarter of the respondents expected to have problems paying for food, housing, auto, utility bills, cell phone/Internet, health care/medications, child/elder care, and public transportation by December 2020. **For all of these questions, the percentage of participants expecting to have problems paying for essentials in 3 months almost doubled. This finding was consistent across all Counties and among the**

**Native Hawaiian, Pacific Islander, and Filipino groups.** Many more of these persons will be accessing health care through the community health centers and many others will be (have been) enrolling in Med-QUEST for the first time. The community health centers, primary care physicians practicing on the neighbor islands, in rural O‘ahu, and in the academic practices of JABSOM are among the few remaining health providers currently taking Med-QUEST patients. The additional revenue generated by this tax to support the community health centers is sorely needed.

On a related note, the shortage of physicians is as high as 1,008 and is compounded by the fact that Hawai‘i has the fifth oldest physician workforce of all the states and more than half of the State's physicians will be over age sixty-five within ten years. There are additional barriers to retaining physicians in general, and primary care physicians, in particular, on the neighbor islands and rural O‘ahu.

The following data points are from the Association of American Medical Colleges (AAMC), which asks financial/financing questions to entering and graduating medical students each year. Additionally, there is an annual Financial Aid Summary Report which includes data collected from several AAMC surveys.

- Historically, 20-30% of our entering JABSOM medical students have outstanding college/premedical education loans that average \$25,000.
- For the class entering medical school in 2020, 18% had premedical debt but with a median of \$50,000.
- Thirty-six percent (36%) of our incoming students plan to finance their medical education through loans, 25% through scholarships or 25% from their parents.
  - According to the AAMC survey of graduates in 2019, the median parental income of all JABSOM students was \$100,000 per year (this falls in the lower 20% of the nation).
- Only 8% of incoming students plan to finance their medical education via a scholarship or award with a service commitment (i.e., National Health Service Corps, military, etc.).
- By the time they finish medical school, almost 68% of JABSOM students have educational debt (premedical + medical) - this is in the lower 30% of the nation but is still substantial given Hawaii's cost of living.
- At the end of 2019, **the average educational debt of JABSOM graduates was \$187,113** -- just over the median for all US medical graduates and represents a 27.6% increase from the prior year.
- Ninety percent of JABSOM students receive some form of financial aid (this is in the upper 80% of the nation).

In 2016, we conducted a survey of our residents and fellows participating in our graduate medical education or GME programs. Of the 64% who had student loans, the **median student loan burden was \$235,444**. Only 22% percent of respondents who reported educational debt were participating in loan repayment or public loan forgiveness programs. Additionally, for the 92% who were paying rent or mortgage, many were accruing credit card or other debt to pay for living expenses. The monthly debt burden was highest for those with childcare expenses.

There is national evidence that having a high educational debt influences specialty choice. In many cases, the increasingly high cost of education for medical students and their families impacts their future career decisions. High educational debt discourages physicians from entering primary care fields and/or choosing to practice on the neighbor islands or in rural areas of Oahu where the need is greatest. Loan repayment relief to JABSOM graduates who agree to practice in the areas of highest need has been shown to have great promise. The healthcare provider loan repayment program administered by JABSOM has successfully provided loan repayment to 54 professionals. Currently, there are eleven physicians participating in the loan repayment program. Four additional physicians are waiting for funding. Moreover, it has been demonstrated that students who attend medical school in Hawai'i and complete their residency training here remain in Hawai'i. Over 80% of JABSOM's graduates in that category have stayed to practice in the state.

The allocation of a percentage of the revenue generated from the increased cigarette and tobacco would help provide the matching funds required to obtain the maximum amount of Federal funds to support health professions loan repayment. Having more funds available will help to encourage physicians to practice in primary care in medically underserved communities where the need for health care is the greatest.

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

**LATE**

**SB-138**

Submitted on: 2/7/2021 3:44:16 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan Larson	Individual	Oppose	No

Comments:

You're going to lose revenue again just like the last time the tobacco tax was raised. Some short-sighted people actual like revenue shortfalls but fail to put the new non-tobacco sources into the bill that would be needed to cover the gap.



**LATE**

**SB-138**

Submitted on: 2/7/2021 4:02:54 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ke Nguyen	Individual	Oppose	No

Comments:

Stop ripping people off. I work hard for my money.

**SB-138**

Submitted on: 2/7/2021 4:18:24 PM

Testimony for HTH on 2/8/2021 1:00:00 PM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Anthony Orozco	Individual	Oppose	No

Comments:

I strongly oppose senate bill 138. You need to LOWER THE TAXES if you want my vote next year.

**LATE**

**SB-138**

Submitted on: 2/8/2021 5:17:40 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Catherine JS Tsang, MD	Individual	Support	No

Comments:

Testimony Presented Before the

Senate Committee on Health

February 8, 2021

By

Name of Testifier

SB 138 – RELATING TO TOBACCO TAXES.

Chair Keohokalole, Vice-Chair Baker and members of the committee:

My name is Catherine Tsang, and I am a family physician at the John A. Burns School of Medicine (JABSOM).

I am writing in support of SB 138, which increases the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning as of July 1, 2021 and allocates the excise tax revenue generated at the increased rate to specified health improvement purposes. The bill specifies that 1.67 cents per cigarette shall be deposited into a special account of the state general fund for expenditure to repay medical school loans of graduates of JABSOM, who practice in primary care in the medically underserved areas of this State, as determined by JABSOM.

Hawai'i faces a critical need for recruitment and retention of physicians to serve rural and medically underserved areas of the State. The shortage of physicians is as high as 1,008 and is compounded by the fact that Hawai'i has the fifth oldest physician

workforce of all the states and more than half of the State's physicians will be over age sixty-five within ten years.

Loan repayment relief to JABSOM graduates who agree to practice in the areas of highest need has been shown to have great promise. The healthcare provider loan repayment program administered by JABSOM has successfully provided loan repayment to 54 professionals. Currently there are eleven physicians participating in the loan repayment program. Four additional physicians are waiting for funding. Moreover, it has been demonstrated that students who attend medical school in Hawai'i and complete their residency training here remain in Hawai'i. Over 80% of JABSOM's graduates in that category have stayed to practice in the state.

In many cases, the increasingly high cost of education for medical students and their families impacts their future career decisions. High educational debt discourages physicians from entering primary care fields and/or choosing to practice on the neighbor islands or in rural areas of Oahu where the need is greatest. The allocation of a percentage of the revenue generated from the increased cigarette and tobacco would provide a meaningful benefit in encouraging physicians to practice in primary care in medically underserved communities where the need for health care is the greatest.

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

**LATE**

**SB-138**

Submitted on: 2/8/2021 5:47:09 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Zehner	Individual	Oppose	No

Comments:

We strongly oppose sb138. It is regressive and unfair. It foolishly trys to overtax products when overtaxing has already caused a revenue decline.

**LATE**

**SB-138**

Submitted on: 2/8/2021 7:54:23 AM

Testimony for HTH on 2/8/2021 1:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nash Witten	Individual	Support	No

Comments:

Chair Keohokalole, Vice-Chair Baker and members of the committee:

My name is Nash Witten and I am an assistant clinical professor in the Department of Family Medicine and Community Health at the John A. Burns School of Medicine (JABSOM).

I am writing in **support** of SB 138, which increases the cigarette and tobacco tax on cigarettes and little cigars by five cents beginning as of July 1, 2021 and allocates the excise tax revenue generated at the increased rate to specified health improvement purposes. The bill specifies that 1.67 cents per cigarette shall be deposited into a special account of the state general fund for expenditure to repay medical school loans of graduates of JABSOM, who practice in primary care in the medically underserved areas of this State, as determined by JABSOM.

Hawai'i faces a critical need for recruitment and retention of physicians to serve rural and medically underserved areas of the State. The shortage of physicians is as high as 1,008 and is compounded by the fact that Hawai'i has the fifth oldest physician workforce of all the states and more than half of the State's physicians will be over age sixty-five within ten years.

Loan repayment relief to JABSOM graduates who agree to practice in the areas of highest need has been shown to have great promise. The healthcare provider loan repayment program administered by JABSOM has successfully provided loan repayment to 54 professionals. Currently, there are eleven physicians participating in the loan repayment program. Four additional physicians are waiting for funding. Moreover, it has been demonstrated that students who attend medical school in Hawai'i and complete their residency training here remain in Hawai'i. Over 80% of JABSOM's graduates in that category have stayed to practice in the state.

In many cases, the increasingly high cost of education for medical students and their families impacts their future career decisions. High educational debt discourages physicians from entering primary care fields and/or choosing to practice on the neighbor islands or in rural areas of Oahu where the need is greatest. The allocation of a

percentage of the revenue generated from the increased cigarette and tobacco would provide a meaningful benefit in encouraging physicians to practice in primary care in medically underserved communities where the need for health care is the greatest.

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

Nash Witten, MD