

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
KA 'OIHANA OLAKINO  
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Honolulu, HI 96801-3378  
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Testimony in SUPPORT of H.B. 1085  
RELATING TO TAXATION

REPRESENTATIVE GREGG TAKAYAMA, CHAIR  
HOUSE COMMITTEE ON HEALTH

Hearing Date: January 31, 2025

Room Number: Conference Room 329  
and Videoconference

1 **Fiscal Implications:** The fiscal impact of an increase in excise tax on cigarettes and little cigars  
2 in Hawaii would result in increases in state tax revenues while at the same time leading to  
3 reductions in cigarette consumption and chronic diseases and health care spending, including  
4 Medicaid spending in the state.

5 **Department Position:** The Department of Health (DOH) supports House Bill 1085 (H.B. 1085)  
6 which would impose an excise tax equal to 21.00 cents for each cigarette or little cigar sold,  
7 used, or possessed by a wholesaler or dealer on and after January 1, 2026, whether or not sold  
8 at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer.

9 **Department Testimony:** According to the U.S. Surgeon General, increasing the price of tobacco  
10 products is the single most effective way to reduce consumption.<sup>1</sup> A ten percent increase in  
11 price has been estimated to reduce overall cigarette consumption by 3-5%.<sup>2</sup> Research also  
12 suggests that both youth and young adults are two to three times more likely to respond to  
13 increases in price than adults.<sup>3</sup>

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<sup>1</sup> HHS, Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General, 2012,  
<http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>

<sup>2</sup> HHS, Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General, 2012,  
<http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>

<sup>3</sup> HHS, Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General, 2012,  
<http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>

1           The burden of tobacco use is disproportionately experienced by Hawaii’s communities  
2 and population groups. Due to the intentional marketing practices of the tobacco industry,  
3 Native Hawaiian (17.4%), individuals who identify as lesbian, gay, bisexual or transgender (LGBT)  
4 (13.9%), those who are of low socioeconomic status (20.1%), and those with behavioral health  
5 conditions (17.7%) or substance use disorders (16.8%), have higher smoking prevalence than  
6 the state average (10.0%).<sup>4</sup>

7           Cigarette smoking persists as the leading cause of preventable death nationally<sup>5</sup> and is  
8 linked to heart disease, cancer, and stroke which were also the leading causes of death in  
9 Hawaii in 2021.<sup>6</sup> Each year an estimated 1,400 Hawaii adults die from smoking.<sup>7</sup> The Centers  
10 for Disease Control and Prevention estimates that smoking causes approximately 90% of all  
11 lung cancer deaths and 80% of all deaths from chronic obstructive pulmonary disease (COPD).<sup>8,9</sup>

12           Cigarette smoking also takes a financial toll on the state. The annual estimated health  
13 care costs directly caused by smoking in Hawaii is \$611 million.<sup>10</sup> Smoking-caused government  
14 expenditures result in a tax burden of \$955.00 per household and \$1.1 billion in lost  
15 productivity in Hawaii.<sup>11</sup>

16           The World Health Organization (WHO) recommends that tobacco taxes should be raised  
17 significantly and at regular intervals to ensure that tobacco products do not become more

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<sup>4</sup> Hawai‘i Health Data Warehouse – BRFSS (2022)

<sup>5</sup> U.S. Department of Health and Human Services. [The Health Consequences of Smoking—50 Years of Progress: 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, 2014 [accessed 2017 Apr 20].

<sup>6</sup> HHDW. New: Leading Causes of Death Report Series. November 1, 2023. <https://hhdw.org/na-leading-causes-of-death-reports/>

<sup>7</sup> Campaign for Tobacco-Free Kids. Toll of Tobacco in Hawaii. August 16, 2024. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

<sup>8</sup> U.S. Department of Health and Human Services. [The Health Consequences of Smoking—50 Years of Progress: 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, 2014 [accessed 2017 Apr 20].

<sup>9</sup> U.S. Department of Health and Human Services. [How Tobacco Smoke Causes Disease: What It Means to You](#). 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, 2010 [accessed 2017 Apr 20].

<sup>10</sup> Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. August 16, 2024. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

<sup>11</sup> Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. August 16, 2024. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

1 affordable.<sup>12</sup> The last cigarette tax increase in Hawaii was 14 years ago in 2011<sup>13</sup> and there was  
2 an observed decrease in high school cigarette use from years prior which continued steadily  
3 thereafter.<sup>14</sup>

4 The DOH supports H.B. 1085 to increase the excise tax on cigarettes and little cigars and  
5 defers to the State Legislature regarding allocation of revenues.

6 Thank you for the opportunity to testify.

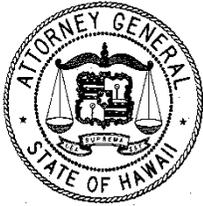
7 **Offered Amendments:** None

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<sup>12</sup> *Raise taxes on tobacco*. (n.d.). Retrieved January 31, 2024, from <https://www.who.int/data/gho/data/themes/topics/raise-taxes-on-tobacco>

<sup>13</sup> Act 59, HB1985, CD1, SLH 2010, retrieved 2/01/24 from [https://www.capitol.hawaii.gov/sessions/session2010/bills/HB1985\\_CD1\\_.pdf](https://www.capitol.hawaii.gov/sessions/session2010/bills/HB1985_CD1_.pdf)

<sup>14</sup> HHDW. (2005-2021). Youth Risk Behavior Survey (YRBS) Current smoking- high school.  
[https://hhdw.org/report/query/result/yrbs/CigsCurr/CigsCurr\\_HS\\_ST.html](https://hhdw.org/report/query/result/yrbs/CigsCurr/CigsCurr_HS_ST.html)



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**  
H.B. NO. 1085, RELATING TO TAXATION.

**BEFORE THE:**  
HOUSE COMMITTEE ON HEALTH

**DATE:** Friday, January 31, 2025                      **TIME:** 9:15 a.m.

**LOCATION:** State Capitol, Room 329

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Chelsea Okamoto, Deputy Attorney General

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Chair Takayama and Members of the Committee:

The Department of the Attorney General (Department) strongly supports this bill and offers the following comments.

The purpose of this bill is to increase the tax rate on each cigarette or little cigar sold from 16.00 cents to 21.00 cents. Additionally, the bill amends the disposition of revenues to certain non-general funds, with the excess carrying over to the general fund, and expands the tax disposition of revenues to those funds to include all revenue collected under chapter 245, Hawaii Revised Statutes (HRS). This bill also repeals obsolete historical tax rates.

Cigarette tax stamp revenues have plummeted, from over \$116 million in fiscal year 2015-2016 to just over \$70 million in fiscal year 2023-2024. This decline has affected the funding for the University of Hawaii Cancer Center, community health centers, trauma centers, and emergency medical services.

Similarly, the Department's Tobacco Enforcement Special Fund (Fund) has experienced a revenue decline due to reduced cigarettes sales. The Fund receives revenue from the cigarette tax stamp fee, which is directly tied to the cost of the cigarette tax stamp (see section 245-26, HRS). The revenue deposited into the Fund has dropped from \$1.74 million in fiscal year 2015-2016 to \$1.03 million in 2023-2024. To ensure continued diligent enforcement of the Master Settlement Agreement (MSA), the Department needs to recuperate funding to the Fund.

In 1998, Hawaii and 45 other states signed the MSA with the four largest U.S. tobacco manufacturers to settle smoking-related claims. Under the MSA, these manufacturers provide annual payments to the signing states, including Hawaii. To maintain these payments, states must diligently enforce the requirements of the "model statute," which Hawaii enacted as the Tobacco Liability Act, chapter 675, HRS. The Legislature established the Fund in 2001 for the Department to administer, monitor, and enforce the MSA, the cigarette tax stamp program, and any other related statutes or programs (see section 28-15(a), HRS).

If enforcement is deemed insufficient, tobacco manufacturers may challenge the payment, potentially leading to arbitration and significant financial losses to Hawaii. Hawaii received over \$36.4 million in MSA payments for fiscal year 2023-2024. Recent arbitration decisions found Washington, Missouri, and New Mexico non-diligent, jeopardizing their annual MSA payments. These decisions highlight a critical need for stable funding for the Department to maintain and further its diligent enforcement efforts and reduce the risk of losing MSA revenue.

The Department recognizes that continued reliance on declining cigarette tax revenue is unsustainable. This bill aims to move away from relying solely on cigarette taxes and expand the tax revenue base to include all revenue collected under chapter 245, HRS, including the new tax revenue collected from e-cigarettes and e-liquids.<sup>1</sup> The expanded revenue pool will be distributed monthly on a pro-rata among the designated special funds, each subject to a prescribed monetary cap. Once a special fund reaches its cap, any excess tobacco revenue collected will go to the general fund.

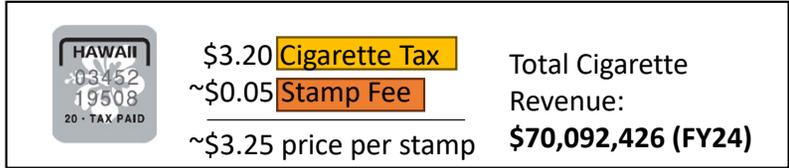
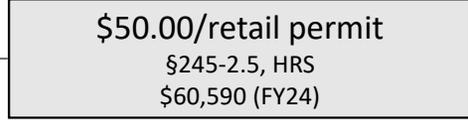
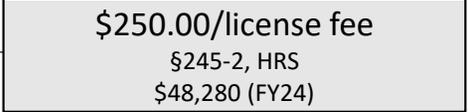
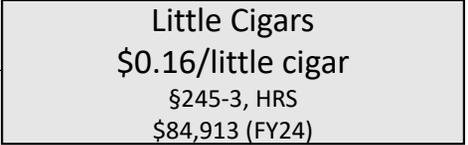
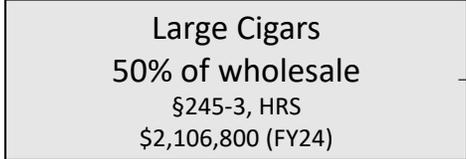
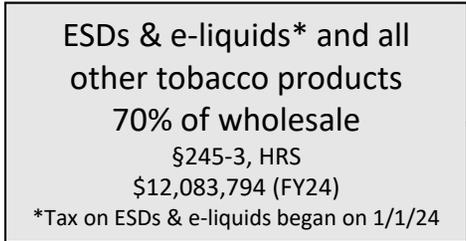
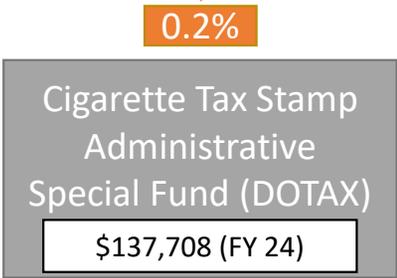
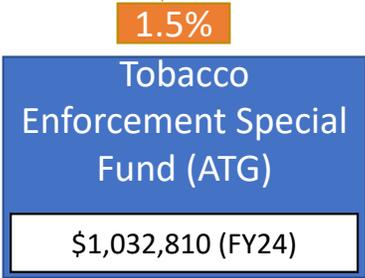
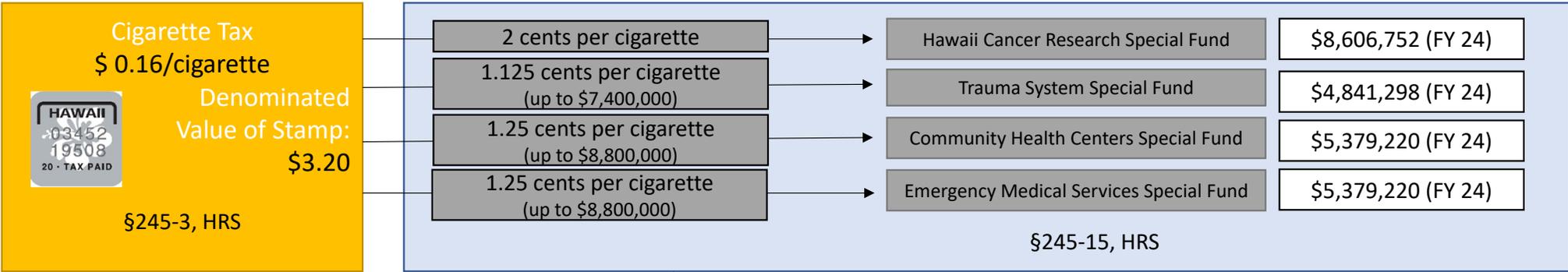
The attached chart demonstrates the flow of the cigarette and tobacco tax and license money. For the implementation of a new tax stamp rate, the Department defers to the Department of Taxation.

We respectfully urge the Committee to pass this bill. Thank you for this opportunity to testify.

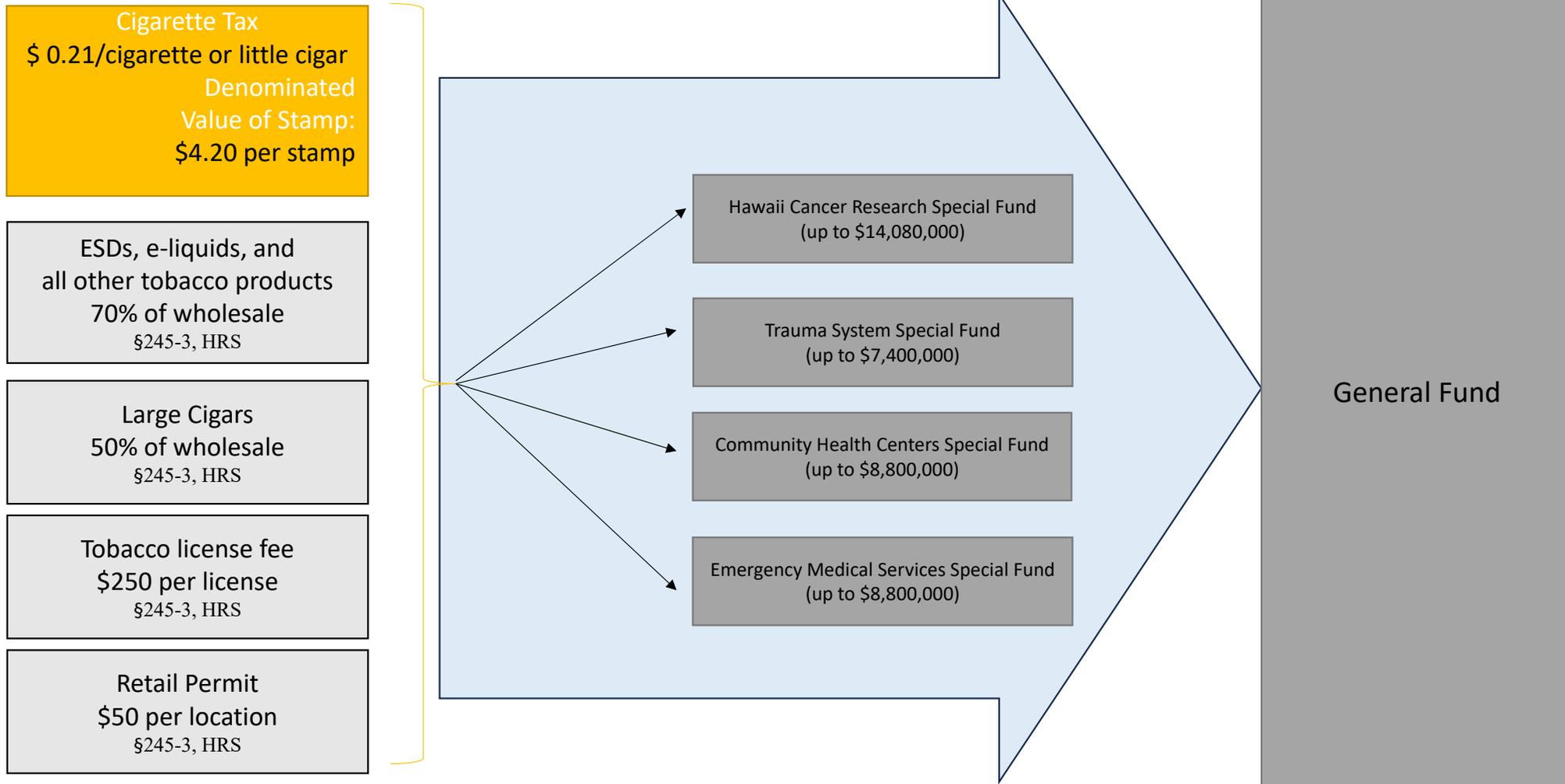
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<sup>1</sup> Act 62, Session Laws of Hawaii 2023, created a new tax on electronic smoking devices (ESDs) and e-liquids. Starting January 1, 2024, ESDs and e-liquids were subject to an excise tax of 70 percent of the wholesale price of the item. The taxes from ESDs and e-liquids are deposited to the general fund and are not allocated to the various special funds receiving cigarette tax revenue.

# CIGARETTE AND TOBACCO TAX AND LICENSE MONEY



## CIGARETTE AND TOBACCO TAX AND LICENSE MONEY (HB1085/SB1404)





# UNIVERSITY OF HAWAII SYSTEM

## ‘ŌNAEHANA KULANUI O HAWAII

### Legislative Testimony

#### Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the  
House Committee on Health  
Friday, January 31, 2025 at 9:15 a.m.

By  
Naoto T. Ueno, Director  
University of Hawai'i Cancer Center  
And  
Michael Bruno, Provost  
University of Hawai'i at Mānoa

### HB 1085 - RELATING TO CIGARETTE TAXES

Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the Committee:

Thank you for the opportunity to present our testimony today. The UH Cancer Center is in **strong support** of HB 1085, which would increase the cigarette tax to its benefit. Funding from the cigarette tax has been instrumental since its inception in 2006, enabling the construction of the UH Cancer Center building and the launching of strategic initiatives to combat cancer. However, due to the success of smoking cessation efforts, this revenue has declined, indicating both progress in public health and a concerning decrease in resources for the initiatives that have fueled this advancement. Now providing less than half the funding compared with that of 2009, this source of revenue is no longer able to support its original intent to provide a top-notch facility, and to invest in the most promising cancer research, clinical care and community outreach.

An increase would bring profound benefits for the people of our community. Restoring cigarette-tax funding would empower the UH Cancer Center to attract and retain more top-tier scientists and clinicians, thus expanding our capacity to conduct groundbreaking research and deliver cutting-edge patient care and saving more lives across Hawaii and the Pacific.

Returns on this investment will be multifold:

### **Investment in Tobacco Research is an Investment in the Health and Well-being of Our Community**

More than 70,000 people in this state are living with cancer and praying for a cure, and each year 2,300 Hawai'i residents die of this terrible disease. The UH Cancer Center is a leader of the Hawai'i Cancer Consortium, a collaborative network of major healthcare and community partners working to improve cancer outcomes for residents of Hawai'i as well as those in the broader Pacific Rim region: The Queen's Health Systems, Hawai'i Pacific Health, Adventist Health Castle, Kuakini Medical Center, Hilo Benioff Medical Center, Hawai'i Medical Service Association (HMSA), and UH Mānoa's John A. Burns School of Medicine. Cigarette tax funding has supported and provided the infrastructure for developing evidence-based programs

to understand the health behaviors underlying tobacco use, including:

- Developing and testing culturally tailored interventions to promote smoking cessation among Native Hawaiians, Pacific Islanders, Asian Americans, and low-income populations;
- Conducting longitudinal studies on the patterns, predictors, and consequences of e-cigarette use among adolescents and young adults in Hawai'i;
- Evaluating the impact of tobacco control policies, such as smoke-free laws, tobacco taxes, and minimum legal age of sale, on tobacco use behaviors and health outcomes;
- Providing evidence-based knowledge to inform public health officials and regulatory authorities on how to regulate tobacco products effectively and in a way that best serves individuals and public health;
- Conducting tobacco-related research to advance health equity and prevent the initiation of tobacco use among youth and young adults.

### **Investment in the UH Cancer Center is an Investment in Economic Growth**

The UH Cancer Center attracts federal grants and collaboration that contribute to our local economy. As one of only 72 National Cancer Institute-designated cancer centers, it is in the top 4% of cancer centers across the nation, and was scored as an “outstanding” cancer center in its most recent full five-year renewal. The UH Cancer Center positions Hawai'i as a leader in cutting-edge cancer research and clinical care that serves our community, and generates revenues from patients seeking treatment and care customized to the needs of our diverse Pacific Asian populations.

Funding the UH Cancer Center enables it to provide for:

- Attracting committed and world-class researchers and clinical investigators with start-up packages; such new faculty recruits will increase federal grants and groundbreaking discoveries in cancer prevention, treatment, and care;
- Addressing the shortage of specialized oncology practitioners in Hawai'i;
- Attracting pharmaceutical companies that will partner with the UH Cancer Center and hospitals to fund clinical trials for patients in Hawaii, Asia, and the Pacific regions.

### **Investment in the UH Cancer Center Paves A New Way Forward in Research and Cancer Care**

Now is the time to prioritize cancer research, and demonstrate our commitment to improving the health and well-being of our communities and providing the best treatment for our patients. By 2050, cancer cases worldwide are expected to increase by 77%, to over 35 million, and cancer deaths are projected to nearly double, to 18.5 million, according to the World Health Organization. Residents of Hawai'i and the Pacific will not be immune from this grim trend. Investing in cancer research impacts the community by providing better quality cancer treatment and prevention. It enables recruitment of disease-expert cancer doctors rather than general oncologists. By directing additional funds towards cancer research and clinical trials, we can harness the full potential of the UH Cancer Center and foster an environment where innovative cancer treatments and

prevention are developed, benefiting cancer patients across Hawaii and the Pacific, and beyond.

Based on the above, we believe that an increased allocation would be a wise investment to keep Hawai'i at the forefront of cancer research, and ensure that our communities receive the care and resources they need and deserve. Prioritizing the UH Cancer Center through this tax change is not merely a fiscal decision, but a statement of our collective commitment to the health and prosperity of Hawai'i's people. The benefits of this investment will resonate far beyond the immediate fiscal year, strengthening a steadfast path toward a future where cancer can be effectively combatted.

Thank you for this opportunity to testify.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
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GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 1085, Relating to Taxation.

**BEFORE THE:**

House Committee on Health

**DATE:** Friday, January 31, 2025

**TIME:** 9:15 a.m.

**LOCATION:** State Capitol, Room 329

Chair Takayama, Vice-Chair Keohokapu-Lee Loy, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1085 for your consideration.

Section 1 of H.B. 1085 increases the cigarette tax under section 245-3, Hawaii Revised Statutes (HRS) to 21 cents for each cigarette or little cigar sold beginning on January 1, 2026. The current rate is 16 cents per cigarette or little cigar sold.

Section 2 of the measure amends the disposition of revenues under section 245-15, HRS, starting July 1, 2025, as follows:

1. The lesser of \$14,080,000 or 25% of all revenues collected under chapter 245, HRS, is to be deposited to the Hawaii Cancer Research Special fund;
2. The lesser of \$7,400,000 or 25% of all revenues collected under chapter 245, HRS, is to be deposited to the Trauma System Special Fund;
3. The lesser of \$8,800,000 or 25% of all revenues collected under chapter 245, HRS, is to be deposited to the Community Health Centers Special Fund; and

4. The lesser of \$8,800,000 or 25% of all revenues collected under chapter 245, HRS, is to be deposited to the Emergency Medical Services Special Fund.

This measure has an effective date of July 1, 2025, with the proposed tax increases becoming effective on January 1, 2026. DOTAX can administer the measure as written.

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



**HB1085 Cigarette Tax**  
**COMMITTEE ON HEALTH**  
Rep. Gregg Takayama, Chair  
Rep. Sue L. Keohokapu-Lee Loy, Vice Chair  
Fri day, Jan 31, 2025: 9:15: Room 329 Videoconference

**Hawaii Substance Abuse Coalition Supports HB1085:**

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

HSAC supports the increase in cigarette taxes to 21 cents that is customary to happen every few years.

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*The increase provides revenue to the state and helps to discourage youth use.*

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HSAC supports the changes in allocations that some of the amount of tax increase go to the Hawaii Cancer research special fund, the trauma system special fund, the Community Health Centers, and the emergency medical services special fund as well as overflow to the general fund.

**All these fund allocations help to support the state's budget.**

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

**HB-1085**

Submitted on: 1/29/2025 4:00:40 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lisa Dau	Keiki Injury Prevention Coalition	Support	Written Testimony Only

Comments:

Keiki Injury Prevention Coalition supports HB1085



**HB1085 Cigarette Taxes**

COMMITTEE ON HEALTH

Rep. Gregg Takayama, Chair

Rep. Sue L. Keohokapu-Lee Loy, Vice Chair

Wednesday, Jan31, 2025: 09:15: Room 329 Videoconference

**Hina Mauka Supports HB1085:**

*ALOHA CHAIR, VICE CHAIR, AND DISTINGUISHED COMMITTEE MEMBERS. My name is Brian Baker. I am the Chief Operating Officer for Hina Mauka, a mental health and substance use disorder treatment and prevention agency for thousands of adults and adolescents on Oahu and Kauai, including recovery-oriented services and housing transitional living programs.*

Hina Mauka provides this testimony as a member of the Hawaii Substance Abuse Coalition (HSAC) and also as a member of the Tobacco Coalition.

**We support the Tobacco Coalition's position on HB1085.**

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

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Tax Hike, Earmarks

BILL NUMBER: HB 1085, SB 1404

INTRODUCED BY: HB by NAKAMURA by request, SB KOUCHI by request (Governor’s Package)

EXECUTIVE SUMMARY: Increases the tax rates for cigarettes and little cigars beginning 1/1/2026, amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund, and expands the tax disposition of tax revenues to the funds to include all tobacco product taxes. Repeals obsolete historical tax rates.

SYNOPSIS: Amends section 245-3, HRS, to increase the per-cigarette tax from 16 cents to 21 cents on January 1, 2026.

Amends section 245-15, HRS, to provide different earmarks going to the following special funds:

Special Fund	Old Earmark (Present Law)	New Earmark Effective July 1, 2025
<b>Hawaii Cancer Research Special Fund</b>	2 cents per cigarette	25% or \$14,080,000, whichever is less
<b>Trauma System Special Fund</b>	1.125 cents per cigarette, up to \$7,400,000 in a fiscal year	25% or \$7,400,000, whichever is less
<b>Community Health Centers Special Fund</b>	1.25 cents per cigarette, up to \$8,800,000 in a fiscal year	25% or \$8,800,000, whichever is less
<b>Emergency Medical Services Special Fund</b>	1.25 cents per cigarette, up to \$8,800,000 in a fiscal year	25% or \$8,800,000, whichever is less

EFFECTIVE DATE: July 1, 2025.

STAFF COMMENTS: This is an Administration bill sponsored by the Office of the Governor and designated GOV-12 (25).

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

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

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

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

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

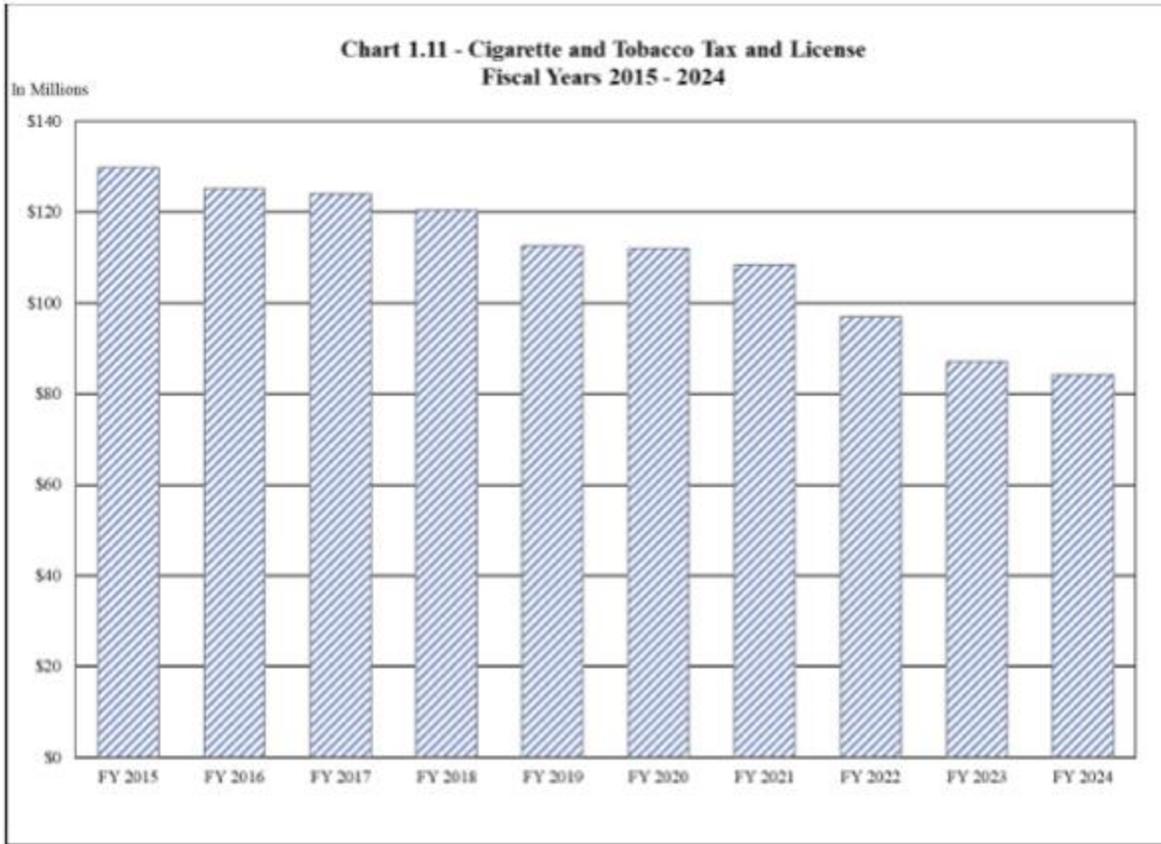
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers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

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

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

Kalapa, "Finding the Blame for What Ails You," at <https://www.tfhawaii.org/wordpress/-blog/2012/10/finding-the-blame-for-what-ails-you/> (Oct, 28, 2012).

As predicted, programs that have been fed by earmarks from the tobacco tax, like the Cancer Research Center, have become a victim of the success of tobacco cessation programs and publicity. Revenues produced by the tobacco tax have been in steady decline over the past few years despite tax rate increases, and hoisting the smoking age to 21 in the 2015 session certainly didn't reverse the trend.



Source: Department of Taxation Annual Report (2023-2024), page 24.

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

Digested: 1/29/2025

**HB-1085**

Submitted on: 1/29/2025 4:40:26 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
William L. Goo	Cigar Association of America	Oppose	Written Testimony Only

Comments:

Oppose.

Friday, January 31, 2025 at 9:15 AM  
Via Video Conference; Conference Room 329

**House Committee on Health**

To: Representative Gregg Takayama, Chair  
Representative Sue Keohokapu-Lee Loy, Vice Chair

From: Michael Robinson  
Vice President, Government Relations & Community Affairs

**Re: Testimony in Support of HB 1085  
Relating to Taxation**

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My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes in SUPPORT of HB 1085 which increases the tax rates for cigarettes and little cigars beginning on 1/1/2026 and amends the disposition of the tax revenues to certain non-general funds starting from fiscal year 2026-2027. The excess funds will carry over to the general fund, and the disposition tax revenues to the fund will be expanded to include all tobacco product taxes.

The revenue generated by the cigarette tax has supported various health care services, such as the Hawai'i Cancer Research Center, the State Trauma System, community health centers and emergency medical services. With the decline cigarette tax over the years, there has been a decrease by over 50% in revenues to the Hawai'i Cancer Research Special Fund, Community Health Centers Special Fund and Emergency Medical Services Special Fund. This decline jeopardizes the availability of resources for vital health care services. For the Hawai'i Cancer Research Center, the decline in revenue had led to a shortfall in the debt service for the revenue bonds that were sold to construct the cancer center.

The increase in the cigarette tax will create a sustained stream of revenue which will continue to support many health care services in Hawai'i that are critical to the health and wellbeing of the people and communities of the state.

Thank you for the opportunity to testify.



Hawaii COPD Coalition

P O Box 240053

Honolulu, HI 96824

[hicopd@gmail.com](mailto:hicopd@gmail.com)

(808)699-9839

January 29, 2025

Honorable Chair Representative Gregg Takayama  
Honorable Vice-Chair Representative Sue L Keohokapu-Lee Loy  
Members of the House Committee on Health

RE: **Strong Support for HB1085, Relating to Taxation**

Dear Chair Takamoto, Vice Chair Keohokapu-Lee Loy, and members of the House Committee on Health,

This measure is extremely critical to the health of the children of our state and our entire state as well. **Please pass HB1085**, which would **raise the cigarette tax**. This will help discourage youth use and will use the money collected from the increase for the Cancer Research Fund. In particular, I would urge this legislature to **raise the tax at least \$1/pack**, as this will show a much stronger deterrent effect and cause a greater number of people to either never start smoking or quit if they have started.

I am Executive Director of the Hawaii COPD Coalition and serve over 45,000 Hawaii adults diagnosed with COPD in Hawaii (with an estimated equal number still undiagnosed). Chronic Obstructive Pulmonary Disease or COPD is an umbrella of diseases which include emphysema, chronic bronchitis and chronic asthma. Since 2007, I have worked in Hawaii, nationally and internationally with countless people who have had their lungs and lives horribly affected by tobacco and nicotine. Many of these people have become disabled and unable to perform jobs and hobbies they enjoyed, spending a lot more time and resources with healthcare providers and requiring support from society than they or any of us would like.

Research shows conclusively that significant price increases reduce tobacco use among youth. Please help protect the lungs and lives of our children from cigarettes. We urge you to please **vote in favor of HB1085 and be sure that the tax increase is at least \$1/pack, pass it out of committee so our keiki and community will be protected via higher tobacco taxes**. The Hawaii COPD Coalition thanks you very much for your careful consideration of this most important and timely bill.

Very truly yours,

*Valerie Chang*

Valerie Chang

Executive Director



**Testimony to the House Committee on Health  
Friday, January 31, 2025; 9:15 a.m.  
State Capitol, Conference Room 329  
Via Videoconference**

**RE: HOUSE BILL NO. 1085, RELATING TO TAXATION.**

Chair Takayama, Vice Chair Keohokapu-Lee Loy, 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 **SUPPORTS** House Bill No. 1085, RELATING TO TAXATION.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live 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.

The bill, as received by your Committee, would increase the Cigarette and Tobacco Tax by five cents per cigarette and change the deposit of tax collections from a per cigarette basis to a percentage basis as follows:

- (1) The lessor of 25% or \$14,080,000 to the Hawaii Cancer Research Special Fund for research, operating expenses, and capital expenditures;
- (2) The lessor of 25% or \$7,400,000 to the Trauma System Special Fund;
- (3) The lessor of 25% or \$8,800,000 to the Community Health Center Special Fund; and
- (4) The lessor of 25% or \$8,800,000 to the Emergency Medical Services Special Fund.

The bill would also repeal provisions that established tax liabilities from previous tax years, and take effect on July 1, 2025.

**Testimony on House Bill No. 1085**  
**Friday, January 31, 2025; 9:15 a.m.**  
**Page 2**

We also note that this measure is part of the Administration's legislative package from the Office of the Governor.

To the extent that a tax increase would provide needed additional revenues to the Cancer Research Center Special Fund, the Trauma System Special Fund, the Community Health Centers Special Fund, and the Emergency Medical Services Special Fund, the HPCA wholeheartedly supports this bill.

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@hawaiipca.net](mailto:eabe@hawaiipca.net).



1325 G Street, NW, Suite 950 • Washington, D.C. 20005 • 202.464.6200 • [taxfoundation.org](https://taxfoundation.org)

## Memorandum

**Date:** January 30, 2025

**To:** Members of the House Committee on Health

**From:** Jacob Macumber-Rosin, Excise Tax Policy Analyst, Tax Foundation

**Subject:** Hawaii HB 1085 Regarding a Cigarette Tax Increase

House Bill 1085 would increase the tax on cigarettes in Hawaii. This tax would be regressive, disproportionately impacting low-income Hawaiians.

Simply because a tax is regressive, however, doesn't mean it should not be levied. Most consumption taxes are regressive, but they still have a role in a broader system of tax and transfers that is almost invariably highly progressive. Best practices for tax policy usually include a mix of both progressive and regressive taxes that provide a stable source of revenue but minimize market distortions and the tax burden on the poor.

While most excise taxes are regressive, taxes on tobacco are the most regressive excise tax the Tax Foundation has studied.<sup>1</sup> In Hawaii, households in the lowest quintile face an effective tax rate that is 10 times greater than individuals in the top two income quintiles.

### Table 1. Distribution of Effective Tax Rates on Cigarettes Across Income Groups in Hawaii

Income Group	Effective Tax Rate
0% to 20%	10.0%
20% to 40%	4.0%
40% to 60%	2.0%
60% to 80%	1.0%
80% to 100%	1.0%

Source: Adam Hoffer, "Compare Tobacco Tax Data in Your State," Tax Foundation, May 24, 2023, <https://taxfoundation.org/data/all/state/tobacco-tax-data-tool/>.

The Special Funds furnished by cigarette and/or tobacco product taxes are facing declining revenues. Unfortunately, excise taxes, particularly those applied to a shrinking tax base, make a poor policy solution to a shortfall. Excise taxes supply a volatile source of tax revenue, and many excise tax revenues decrease over time while revenue needs for government services grow.

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<sup>1</sup> Adam Hoffer, "Global Excise Tax Application and Trends," Tax Foundation, Apr. 7, 2023, <https://taxfoundation.org/research/all/global/global-excise-tax-policy-application-trends/#regressivity>.

A tax increase on cigarettes is likely to increase revenue in the short term. The additional revenue generated from the higher cigarette tax rate will decrease each year, however, as the number of smokers continues to fall.

Legislatures are charged with the difficult task of striking the right balance among reducing the harm caused by smoking, raising enough revenue to fund smoking cessation and other public health programs, and maintaining a legal, well-regulated marketplace where participants can safely transact. As you consider these matters, we are happy to be a resource and would be delighted to provide you with more research on this topic. Thank you for your time.



House Committee on Health  
Rep. Gregg Takayama, Chair  
Rep. Sue L. Keohokapu-Lee Loy, Vice Chair

Hearing Date: Friday, January 31, 2025

**ACS CAN SUPPORTS HB 441 – RELATING TO TAXATION.**

Cynthia Au, Government Relations Director – Hawai‘i Guam  
American Cancer Society Cancer Action Network

Thank you for the opportunity to **SUPPORT** HB 1085: Relating to taxation.

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

ACS CAN supports increased funding for the University of Hawai‘i Cancer Center (UH Cancer Center). This year, more than 9,000 residents from Hawai‘i will be diagnosed with cancer, with more than 2,000 residents expected to die from the disease. Projections in 2025 mark an uptick in cases, but a decline in deaths compared to 2024.

The UH Cancer Center provides important cancer research, access to life-saving treatment including clinical trials which play a critical role in reducing the cancer burden for multi-ethnic residents. Sustainability of the National Cancer Institute (NCI) designated UH Cancer Center is vital for cancer screening, prevention, treatment, and education, significantly reducing the cancer burden in Hawai‘i and the Pacific. UH Cancer Center is the only NCI-designated cancer center in the Pacific and top 4% of all cancer centers in the U.S.

ACS CAN commends the legislature for considering increasing the amount of the cigarette tax by 5 cent per cigarette (or a \$1.00 per pack of cigarettes increase). Increasing the tax on cigarettes by \$1.00 per pack would generate \$10.84 million in new annual revenue as well as

reduce youth smoking by 6.9%, help 2,000 adults who smoke quit, and save 500 lives. This would allow additional funding for the UH Cancer Center while improving the health of our state by reducing tobacco use.

Should you have any questions, please do not hesitate to contact Government Relations Director Cynthia Au at [Cynthia.Au@Cancer.org](mailto:Cynthia.Au@Cancer.org) or 808.460.6109.



## NEW REVENUES, PUBLIC HEALTH BENEFITS & COST SAVINGS FROM A \$1.00 CIGARETTE TAX INCREASE IN HAWAII

- The current state cigarette tax is \$3.20 per pack (8<sup>th</sup> among all states and DC).
- Annual health care expenditures in Hawaii directly caused by tobacco use are \$611 million.

**Projected New Annual Revenue from Increasing the Cigarette Tax by \$1.00 Per Pack: \$10.84 million**

New Annual Revenue is the amount of additional new revenue the first full year the tax increase is in effect. The state will collect less new revenue if it fails to apply the rate increase to all cigarettes and other tobacco products held in wholesaler and retailer inventories on the effective date.

<b>Projected Public Health Benefits for Hawaii from the Cigarette Tax Rate Increase</b>	
<b>Percent decrease in youth (under age 18) smoking:</b>	<b>6.9%</b>
<b>Youth under age 18 kept from becoming adults who smoke:</b>	<b>500</b>
<b>Reduction in young adults who smoke (18-24 years old):</b>	<b>100</b>
<b>Current adults who smoke who would quit:</b>	<b>2,000</b>
<b>Premature smoking-caused deaths prevented:</b>	<b>500</b>
<b>5-Year reduction in the number of smoking-affected pregnancies and births:</b>	<b>80</b>
<b>5-Year health care cost savings from fewer smoking-caused lung cancer cases:</b>	<b>\$360,000</b>
<b>5-Year health care cost savings from fewer smoking-affected pregnancies and births:</b>	<b>\$190,000</b>
<b>5-Year health care cost savings from fewer smoking-caused heart attacks &amp; strokes:</b>	<b>\$220,000</b>
<b>5-Year Medicaid program savings for the state:</b>	<b>\$990,000</b>
<b>Long-term health care cost savings from adult &amp; youth smoking declines:</b>	<b>\$31.80 million</b>

12.24.24 ACS CAN / January 24, 2025

- Small tax increase amounts do not produce significant public health benefits or cost savings because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting. Splitting a tax rate increase into separate, smaller increases in successive years will similarly diminish or eliminate the public health benefits and related cost savings (as well as reduce the amount of new revenue).
- Raising state tax rates on other tobacco products (OTPs), including e-cigarettes, to parallel the increased cigarette tax rate will bring the state additional revenue, public health benefits, and cost savings (and promote tax equity). With unequal rates, the state loses revenue each time someone who smokes cigarettes switches to other tobacco products taxed at a lower rate. To parallel the new \$4.20 per pack cigarette tax, the state's new OTP tax rate should be a percentage of the wholesale price with minimum tax rates for each major OTP category linked to the state cigarette tax rate on a per-package or per-dose basis.

## **Explanations & Notes**

Health care costs listed at the top of the page are from the U.S. Centers for Disease Control and Prevention (CDC). Annual health care expenditures in Hawaii directly caused by tobacco use are in 2018 dollars and are based on the CDC's 2014 *Best Practices for Comprehensive Tobacco Control Programs*.

Projections are based on research findings that nationally, each 10% increase in the retail price of cigarettes reduces youth smoking by 6.5%, young adult prevalence by 3.25%, adult prevalence by 2%, and total cigarette consumption by about 4% (adjusted down to account for tax evasion effects). However, the impact of the tax increase varies from state-to-state, based on the starting pack price. Significant tax increases generate new revenues because the higher tax rate per pack brings in more new revenue than is lost from the tax-related drop in total pack sales.

The projections also incorporate the effect of ongoing background smoking declines, population distribution, and the continued impact of any industry pricing changes, state cigarette tax increases, or other changes in cigarette tax policies on prices, smoking levels, and pack sales.

These projections are fiscally conservative because they include a generous adjustment for lost state pack sales (and lower net new revenues) from possible new smuggling and tax evasion after the rate increase and from fewer sales to people who smoke or smugglers from other states, including sales on tribal lands. For ways that the state can protect and increase its tobacco tax revenues and prevent and reduce contraband trafficking and other tobacco tax evasion, see the Campaign for Tobacco-Free Kids (CTFK) factsheet, *State Options to Prevent and Reduce Cigarette Smuggling and to Block Other Illegal State Tobacco Tax Evasion*, <https://www.tobaccofreekids.org/assets/factsheets/0274.pdf>.

Projected numbers of youth prevented from smoking and dying are based on all youth ages 17 and under alive today. Projected reduction in young adults who smoke refers to young adults ages 18-24 who would not start smoking or would quit as a result of the tax increase. Savings to state Medicaid programs include estimated changes in enrollment due to the expiration of pandemic-related federal legislation prohibiting states from removing enrollees. Long-term cost savings accrue over the lifetimes of persons who stop smoking or never start because of the tax rate increase. All cost savings are in 2025 dollars.

Projections for cigarette tax increases much higher than \$1.00 per pack are limited, especially for states with relatively low current tax rates, because of the lack of research on the effects of larger cigarette tax increase amounts on consumption and prevalence. Projections for cigarette tax increases much lower than \$1.00 per pack are also limited because small tax increases are unlikely to produce significant public health benefits.

Ongoing reductions in state smoking rates will, over time, gradually erode state cigarette tax revenues, in the absence of any new rate increases. However, those declines are more predictable and less volatile than many other state revenue sources, such as state income tax or corporate tax revenues, which can drop sharply during recessions. In addition, the smoking declines that reduce tobacco tax revenues will simultaneously produce much larger reductions in government and private sector smoking-caused health care and other costs over time. See the CTFK factsheet, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue*, <https://www.tobaccofreekids.org/assets/factsheets/0303.pdf>.

The projections in the table on this fact sheet were generated using an economic model developed jointly by Economics for Health, the Campaign for Tobacco-Free Kids, the American Cancer Society Cancer Action Network, and are updated annually. The projections are based on economic modeling by researchers with Economics for Health: Frank Chaloupka, Ph.D., and John Tauras, Ph.D., at the Institute for Health Research and Policy at the University of Illinois at Chicago, Jidong Huang, Ph.D., at Georgia State University, and Michael Pesko, Ph.D., at the University of Missouri. The state Medicaid cost savings projections, when available, are based on enrollment and cost estimates by Elizabeth Zhang and Gideon Lukens at the Center on Budget and Policy Priorities using data from the Centers for Medicare and Medicaid Services.

For other ways states can increase revenues (and promote public health) beyond just raising cigarette tax rates, see the CTFK factsheet, *The Many Ways States Can Raise Revenue While Also Reducing Tobacco Use and Its Many Harms & Costs*, <https://www.tobaccofreekids.org/assets/factsheets/0357.pdf>.

***Additional information and resources to support tobacco tax increases are available at:***

***<https://www.tobaccofreekids.org/what-we-do/us/state-tobacco-taxes/fact-sheets>***

***<http://fightcancer.org/tobacco/taxes/>***

***<https://www.economicsforhealth.org/>***

***For more on sources and calculations, see <https://www.tobaccofreekids.org/assets/factsheets/0281.pdf> or <https://www.fightcancer.org/policy-resources/state-tobacco-tax-increases-explanations-and-sources-projections-new-revenues>.***



**January 31, 2025 at 9:15 am**  
**Conference Room 329**

**House Committee on Health**

To: Chair Gregg Takayama  
Vice Chair Sue L. Keohokapu-Lee Loy

From: Hilton R. Raethel  
President and CEO  
Healthcare Association of Hawaii

Re: **Support**  
**HB 1085, Relating to Taxation**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to testify in **support** of this measure, which seeks to increase taxes on tobacco products to provide funding for various special funds, including the trauma special fund. Tobacco use remains a leading cause of preventable illness and death, placing a significant burden on our healthcare system. Increasing the tax on tobacco products not only discourages use but also generates much-needed revenue to support critical health initiatives.

The trauma special fund, in particular, ensures that our state's trauma system remains well-equipped to respond to emergencies, including mass casualty events and disasters such as the recent fireworks tragedy in Aliamanu. Without sustained funding, our hospitals and emergency responders would face greater challenges in providing lifesaving care when communities need it most.

This measure can help to support both public health and financial stability for emergency medical services, trauma care, and other essential health programs. We appreciate the legislature's continued commitment to ensuring access to high-quality, accessible emergency care for all residents and thank you for the opportunity to testify on this measure.

January 31, 2025

To: Members of the Hawaii House Committee on Health  
From: Americans for Tax Reform  
Re: **Oppose HB 1085**

Dear Representative,

On behalf of Americans for Tax Reform (ATR), a non-profit organization which advocates in the interests of taxpayers and consumers throughout the United States, I urge you to reject HB 1085, misguided legislation which seeks to increase the highly regressive excise tax on cigarettes and little cigars by \$1.00. At this time of high inflation, as families across Hawaii struggle to make ends meet, it is crucial that this proposal does not pass.

Evidence clearly demonstrates that if enacted, **this bill would do little to reduce smoking rates but would lead to a drastic decrease in state tax revenue due to an increase in criminal smuggling of tobacco.**

Data from the National Adult Tobacco Surveys has consistently demonstrated that tobacco tax increases have no statistically significant impact on the prevalence of smoking among those with household incomes of less than \$25,000. **72% of those who smoke are from low-income communities, and increasing taxes on people unable to quit, as they struggle with the costs of unprecedented inflation and the aftermath of the Covid-19 pandemic, will put unnecessary hardship on families.**

Cigarette taxes are highly regressive, meaning they impact people with lower socioeconomic status more than they hurt those in higher income brackets. In New York state, where the tax on cigarettes is relatively high, **people in the highest income groups spend only about 2% of their annual income on cigarettes. Poor New Yorkers spend nearly a quarter of their income (23.6%) on cigarettes. Similar statistics can be expected in Hawaii if this proposal is to pass. You cannot ignore the disproportionate impact that cigarette tax hikes have on low-income individuals when considering raising the tax rate on tobacco.**

Further, cigarette tax hikes promote black markets for smuggled tobacco products, and consistently result in revenues coming in far lower than projected. Contrary to popular belief that tobacco smuggling a victimless crime consisting of someone purchasing a few extra cartons across state lines, most tobacco smuggling is run by multi-million-dollar organized crime syndicates. **These networks, who also engage in human trafficking & money laundering, have also been used to fund terrorist and the US State Department has explicitly called tobacco smuggling a “threat to national security”.**

Paradoxically this tax may increase youth smoking in the state: By definition, criminals and smugglers are unlikely to obey laws and would not follow rigorous age-verification requirements mandated at tobacco retailers and convenience stores.

Only three out of 32 state tobacco **increases** between 2009 and 2013 met tax revenue estimates and for this reason, economists and tax policy experts view tobacco taxes as unsound policy, and it is highly unlikely that revenue estimates will be met. It has been **determined** that **recent increases in the cigarette tax rate in the US have not led to anything like the reductions that cigarette tax advocates promised. During years when there is a large increase in taxes, there is not an equivalent drop in cigarette purchases.**

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



Instead, I urge you, the Hawaii Legislature, to embrace new methods that are proven to help reduce smoking rates and facilitate adult smokers quitting through reduced risk alternatives to tobacco such as e-cigarettes. Please read more about e-cigarettes below and consider how these products will save lives in Hawaii. **Increased access to e-cigarettes is shown to lower smoking rates and improve public health. Rather than punishing the most vulnerable populations in your state by voting for HB 1085, I encourage you to consider supporting policies that encourage e-cigarette use among adult smokers.** Tens of thousands of lives depend upon it.

### About E-Cigarettes and Vapor Products:

- Traditional combustible tobacco remains one of the leading preventable causes of death in **Hawaii**. **The negative health effects of combustible tobacco come from the chemicals produced in the combustion process, not the nicotine.** While highly addictive, nicotine is a relatively benign substance like caffeine and nicotine use “does not result in clinically significant short- or long-term harms”.
- Nicotine replacement therapies such as nicotine patches and gums have helped smokers quit for decades. In recent years, advancements in technology have created a more effective alternative: **vapor products and e-cigarettes. These products deliver nicotine through water vapor, mimicking the habitual nature of smoking while removing the deadly carcinogens that exist in traditional cigarettes.**
- The [CDC](#) has found that only 3.1% of youths use e-cigarettes daily and youth vaping rates continue to decline sharply, disproving the myth of an ongoing “youth vaping epidemic.”

### Benefits of E-Cigarettes and Vapor Products:

- Vapor products have been [proven to be at least 95% safer](#) than combustible cigarettes and are more than [twice as effective](#) at helping smokers quit than traditional nicotine replacement therapies.
- The Cochrane Review, the gold standard of medical meta-analysis, has identified “high certainty evidence” that e-cigarettes are more [effective](#) than nicotine replacement therapies at helping those who smoke quit.
- Vaping has been endorsed by over 100 of the world’s leading [public health organizations](#) as safer than smoking and an effective way to help smokers quit.
- When e-cigarettes entered the market in 2003, the U.S. adult cigarette smoking rate was 21.6%. **Due to increased access to vaping, the U.S. adult smoking [rate](#) has plummeted to [12%](#) as of 2022.**
- A University of Glasgow study showed that e-cigarettes particularly [help disadvantaged](#) persons quit smoking. **HB 1085 will have a tremendously negative impact on public health and would fail to decrease socioeconomic disparities by reducing adult access to products shown to improve public health.**
- Large-scale [analysis](#) from Georgetown University Medical Center estimates that 6.6 million American lives can be saved if a majority of cigarette smokers switched to vaping. **This could save more than 100,000 lives in Hawaii alone.**

For the reasons outlined above and in the interests of public health, protecting the Hawaii economy at a time of high inflation, and preventing the spread of smuggling cartels, we call upon you to **accept the**

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# AMERICANS *for* TAX REFORM

**overwhelming evidence and vote against HB 1085.** This legislation would do more harm than good and economically disadvantage the most vulnerable communities in Hawaii.

Sincerely,

Dennis Hull  
*State Affairs Coordinator*  
Americans for Tax Reform

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*www.atr.org*

To: Representative Gregg Takayama, Chair  
Representative Sue L. Keohokapu-Lee Loy, Vice Chair  
House Committee on Health

From: Chevelle Davis, MPH - Director of Early Childhood & Health Policy  
Hawai'i Children's Action Network Speaks!

Subject: Measure H.B. No. 1085 – Relating to Health  
Program

Hearing: Friday, January 31, 2025, at 9:15 AM, Conference Room 329

**POSITION: Support**

Aloha e Chair Takayama, Vice Chair Keohokapu-Lee Loy, and members of the committee:

Mahalo for the opportunity to provide testimony in **strong support of H.B. No. 1085**, which seeks to increase the tax rates for cigarettes and little cigars beginning January 1, 2026, amend the disposition of tax revenues to include certain non-general funds from fiscal year 2026-2027 onward, and ensure that all tobacco product taxes contribute to these critical funds. This bill also repeals obsolete historical tax rates, ensuring that our policies remain current and effective.

Tobacco use remains one of the leading preventable causes of illness and death, and its impact on children is particularly alarming. Research consistently shows that higher tobacco taxes are one of the most effective strategies for reducing tobacco use, especially among youth. By increasing the price of cigarettes and little cigars, this legislation will deter young people from initiating tobacco use and help those who already use these products to quit. Every dollar spent on tobacco-related healthcare costs and lost productivity is a dollar that stronger prevention efforts could have saved.

The targeted reinvestment of tobacco tax revenues into public health and prevention programs is critical. By expanding the disposition of tax revenues to include all tobacco products, we ensure that state programs dedicated to tobacco prevention, cessation, and health initiatives receive sustained funding. This will strengthen efforts to educate children and families about the dangers of tobacco use while providing essential support for those struggling with nicotine addiction.

As a public health professional, I see firsthand the devastating consequences of tobacco exposure on children, from the effects of secondhand smoke to the marketing tactics used to lure young people into addiction. Increasing tobacco taxes is not just a fiscal policy—it is a moral obligation to protect future generations from the preventable harms of tobacco use. This bill represents a crucial step toward a healthier, tobacco-free future for our children.

I respectfully urge the committee to pass **H.B. No. 1085** and to continue prioritizing policies that safeguard our keiki from the dangers of tobacco.

Mahalo for the opportunity to provide testimony on this important measure.



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Greg Takayama, Chair  
The Honorable Sue L. Keohokapu-Lee Loy, Vice Chair  
Members, House Committee on Health

From: Jacce Mikulanec, Director, Government Relations, The Queen's Health System

Date: January 31, 2025

Re: Support for HB1085: Relating to Taxation

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The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to provide testimony in support of HB1085, which increases the tax rates for cigarettes and little cigars beginning 1/1/2026, amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund, and expands the tax disposition of tax revenues to the funds to include all tobacco product taxes.

The Queen's Medical Center is a long-standing member of the University of Hawaii Cancer Consortium, of which members have a common goal to eliminate cancer through research. The UH Cancer Center is one of only 72 institutions in the United States that hold the prestigious National Cancer Institute (NCI) designation and is the only NCI-designated center in the Pacific. The NCI designation provides cancer researchers in Hawaii with greater access to federal funding and research opportunities. More importantly, it gives the people of Hawaii and the Pacific region access to many innovative and potentially life-saving clinical trials without the necessity of traveling to the mainland.

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

*The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*



## HIPHI Board

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For Children in Hawai'i

Garret Sugai  
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Hawaiian Research Office

## HIPHI Initiatives

Coalition for a  
Tobacco-Free Hawai'i

Community-Based Research &  
Evaluation

Community Health  
Worker Initiatives

COVID-19 Response

Environmental Health

Hawai'i Drug & Alcohol-Free Coalitions

Hawai'i Farm to School Network

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging &  
Community Living

Public Health Workforce Development

Date: January 29, 2025

To: Representative Gregg Takayama, Chair  
Representative Sue L. Keohokapu-Lee Loy, Vice Chair  
Members of the House Committee on Health

RE: Support for HB 1085, Relating to Taxation

Hrg: Friday, January 31, 2025 at 9:15 AM, Room 329

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The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute,<sup>1</sup> is in **support of HB 1085**, which would increase the tax on cigarettes and little cigars by \$1.00 per pack and amends the disposition of tobacco tax revenues.

Raising taxes on tobacco products is a proven strategy to help reduce tobacco product use and dependence, and can be a benefit for public health. Small tax increases do not produce the same public health benefit because the tobacco industry can easily offset the beneficial impact of a small tax increase with temporary price cuts and coupons. As an example, the projected outcome of a \$1.00 price increase in the cost of a pack of cigarettes would result in approximately 2,000 adults in our state quitting smoking.<sup>2</sup>

### The burden of tobacco in Hawai'i.

Tobacco-related disease continues to be the leading cause of preventable death in the United States, resulting in 480,000 deaths annually, with 1,400 of those deaths happening each year in Hawai'i.<sup>3</sup> At the population level, 10% of adults in Hawai'i are still smoking cigarettes according to our most recent survey data; ten years prior the rate was 14.6%. Although we've seen a decline, health inequities still exist, and our Native Hawaiian adult smoking rate is much closer to 20%.<sup>4</sup> In addition, tobacco-related diseases cost Hawai'i \$611M in healthcare costs.

### Tobacco taxes protect youth.

When the price of goods increases, price-sensitive youth buy them less. The last time Hawai'i raised the cigarette tax was over 13 years ago in 2011, a decline in youth use followed. In 2011, 10% of youth reported currently using cigarettes. By 2019, 5% of youth reported currently using cigarettes.<sup>5</sup> The projected outcome with a \$1 increase in the cost of a pack of cigarettes would be a 7.4% decrease in youth (under 18) smoking, and 100 young adults (18-24) would quit smoking.<sup>6</sup>



**A cigarette tax increase is overdue.**

The cigarette tax was last raised in July 2011. Increasing cigarette taxes regularly corrects for inflation and consumer purchasing power. Likewise, raising the taxes on other tobacco products must be done in tandem to reduce consumption and dependence on tobacco products. This increase helps to stop youth from using cigarettes and encourages adults to quit.

According to an independent poll conducted by Ward Research on behalf of the Coalition, 78% of registered Hawai'i voters support an increase in cigarette taxes, and 89% feel that it is important for the state to dedicate part of its tobacco tax revenue to support tobacco prevention and cessation programs.<sup>7</sup> Currently, no revenue from tobacco taxes is appropriated for tobacco prevention and cessation. When the price of tobacco increases, more people seek help to quit and we need to ensure programs are available and accessible by the public to help them quit. Populations that continue to experience higher rates of smoking would be the primary beneficiaries of these prevention and cessation activities, helping to provide resources needed to quit smoking and to help cut the high costs associated with tobacco use. We humbly ask that a portion of the proposed tobacco tax revenue be dedicated to supporting tobacco prevention and cessation programs.

We applaud the Legislature for considering this measure, which will strengthen the health of our state. The Coalition supports HB 1085 and asks you to pass this measure out of committee.

Mahalo,

A handwritten signature in black ink that reads 'Kevin Ramirez'.

Kevin Ramirez  
Coalition for a Tobacco-Free Hawai'i Program Manager  
Hawai'i Public Health Institute

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<sup>1</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.

<sup>2</sup> Boonn, A., Chaloupka, F. J., & Henkle, D. (2025). (publication). New Revenues, Public Health Benefits & Cost Savings From a \$1.00 Cigarette Tax Increase in Hawaii.

<sup>3</sup> Centers for Disease Control and Prevention. (2023, May 4). *Burden of cigarette use in the U.S.* Centers for Disease Control and Prevention.

<https://www.cdc.gov/tobacco/campaign/tips/resources/data/cigarette-smoking-in-united-states.html>



3 *The toll of tobacco in Hawaii*. Campaign for Tobacco-Free Kids. (2024, August 16).

<https://www.tobaccofreekids.org/problem/toll-us/hawaii>

4 Hawaii Health Matters. (2024, February). *Hawaii health matters*. Hawaii Health Matters :: Indicators :: Adults Who Smoke Cigarettes :: State : Hawaii.

<https://www.hawaiihealthmatters.org/indicators/index/view?indicatorId=8&localeId=14&localeChartIdxs=116>

5 Hawaii Health Matters. (n.d.). *Hawaii health matters*. Hawaii Health Matters :: Indicators :: Teens Who Smoke Cigarettes :: State : Hawaii.

<https://www.hawaiihealthmatters.org/?module=indicators&controller=index&action=view&comparisonId=&indicatorId=2584&localeTypeId=1&localeId=14&periodId=244>

6 Boonn, A., Chaloupka, F. J., & Henkle, D. (2025). (publication). *New Revenues, Public Health Benefits & Cost Savings From a \$1.00 Cigarette Tax Increase in Hawaii*.

7 This study by Ward Research, Inc. summarizes findings from a phone survey among n=700 Hawai'i registered voters (maximum sampling error +/- 3.7%), conducted between October 25 to November 22, 2024.

**HB-1085**

Submitted on: 1/30/2025 11:32:26 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michael Zehner	Hawaii Smokers Alliance	Oppose	Written Testimony Only

Comments:

We strongly oppose this excessive tax increase. The tax is regressive in nature and unfair. It will overburden an already declining revenue source.

Now the paid anti-smoking lobbyists taking government funds have said in the past that they would be happy if the revenue source ran out because almost everyone had quit smoking.

That being said they need to propose a plan now where the money will come from to support these organizations currently getting tobacco funds when that happens. A phased transition to non-tobacco sources would have to be part of any sound bill. Basically non-smokers will have to pick up the tab if bills like this achieve their intent.

Respectfully,

Michael Zehner

Hawaii Smokers Alliance



## Hawaii Medical Association

1360 South Beretania Street, Suite 200 • Honolulu, Hawaii 96814  
Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

HOUSE COMMITTEE ON HEALTH  
Representative Gregg Takayama, Chair  
Representative Sue Keohokapu-Lee Loy, Vice Chair

Date: January 31, 2025  
From: Hawaii Medical Association (HMA)  
Jerald Garcia MD - Chair, HMA Public Policy Committee

### **RE HB 1085 Relating to Taxation- Cigarette Tax; Tobacco Tax; Disposition of Revenues Position: Support**

This measure would Increase the tax rates for cigarettes and little cigars beginning 1/1/2026; amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund; and expands the tax disposition of tax revenues to the funds to include all tobacco product taxes. Repeals obsolete historical tax rates.

Smoking is the number one cause of preventable disease and death worldwide. In Hawaii, smoking-related healthcare costs \$611 million per year, and smoking causes most lung cancers, with nearly 9 out of 10 lung cancers deaths caused by smoking cigarettes or secondhand smoke exposure.

State agencies, healthcare professionals, health systems and insurers will continue to work together with lawmakers to reduce smoking and the associated cancer burden in Hawaii. The UH Cancer Center is an important partner in Hawaii's progress for prevention, diagnosis and treatment of smoking related cancers. Modest increases in tax on tobacco products can not only induce some smokers to quit and deter others from starting, but also support Hawaii patient counseling, cessation remedies and vital Hawaii cancer research. HMA supports this measure that can both reduce the harmful effects of smoking in our community and support ongoing cancer initiatives in our state.

Thank you for allowing the Hawaii Medical Association to testify in support of this measure.

#### **2025 Hawaii Medical Association Officers**

Elizabeth Ann Ignacio, MD, President • Nadine Tenn-Salle, MD, President Elect • Angela Pratt, MD, Immediate Past President  
Jerris Hedges, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

#### **2024 Hawaii Medical Association Public Policy Coordination Team**

Jerald Garcia, MD, Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

References and Quick Links:

Centers for Disease Control and Prevention. Smoking and Cancer. <https://www.cdc.gov/tobacco/campaign/tips/diseases/cancer.html> Accessed Jan 25 2025.

American Lung Association. "State of Lung Cancer" report. <https://www.lung.org/research/state-of-lung-cancer/states/hawaii#:~:text=The%20percent%20of%20people%20alive,in%20Hawaii%20improved%20by%2029%25>. Accessed Jan 25 2025.

Ueno N. Raise tax 2 cents to fund cancer research. [Honolulu Star Advertiser Jan 19 2025](#). Accessed Jan 25 2025.

**2024 Hawaii Medical Association Officers**

Elizabeth Ann Ignacio, MD, President • Nadine Tenn-Salle, MD, President Elect • Angela Pratt, MD, Immediate Past President  
Jerris Hedges, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

**2024 Hawaii Medical Association Public Policy Coordination Team**

Beth England, MD, Chair  
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

**HB-1085**

Submitted on: 1/29/2025 9:41:05 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cori Takesue	Individual	Support	Written Testimony Only

Comments:

Aloha,

I am a writing in support of HB1085. As a tobacco treatment specialist of eight years, health educator to youth in the schools, licensed clinical psychologist to youth clients, and as a community member of Lanai, I am seeing first-hand how youth are drawn to try e-cigarette devices as they are enticed by the flavors (flavors that are clearly marketed towards youth with their catchy names and desirable flavors) and eventually become hooked on the nicotine making it difficult for them to stop using the product. As we know, our youth are vulnerable as nicotine, as well as, other chemicals in e-cigarettes can be harmful to the developing brains in our youth. One way we can support the reduction in tobacco use by our youth, as well as adults, would be to increase the cigarette tax by at least \$1 and to have this increased tax to include all tobacco products, including e-cigarettes, nicotine pouches, etc. Some potential outcomes for this increase tax could be: 100 young adults (ages 19-24) would quit, 2,400 adults who currently smoke would quit, and there would be a 7.4% decrease in youth under 18 who smoke. The projected annual revenue from increasing the cigarette tax by \$1 in Hawaii would be \$11.46 million. Please support HB1085.

**HB-1085**

Submitted on: 1/29/2025 9:42:44 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Stephanie Austin	Individual	Support	Written Testimony Only

Comments:

It is very important to limit the use of tobacco and related products, for the health of our youth in particular. This bill will make such products less available, by adding expense.

**HB-1085**

Submitted on: 1/29/2025 10:12:44 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Stephanie	Individual	Support	Written Testimony Only

Comments:

Good Morning,

I am writing testimony in support of HB1085 relating to taxation. Increasing the cigarette tax per pack by \$1 will decrease the amount of individuals who smoke by thousands which in turn allows us to continue to fight back against tobacco related diseases. This increase will allow those that have been fighting nicotine dependence the opportunity to choose now as their time to quit and gain their health and freedom to breathe back. This will also allow many family members who live in the household with someone who smokes the same opportunity to see their loved ones finally quit and their trips to the hospital due to complications from secondhand smoke decrease if not end for good.

Thank you for your time and consideration.

**HB-1085**

Submitted on: 1/29/2025 10:32:11 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Shelly Ogata	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Takayama, Vice-Chair Keohokapu-Lee Loy and members of the Committee on Health:

I am in support of increasing the taxes on all tobacco products. Please note there are multiple benefits including a projected decrease in youth use by 7.4% and a projected increase in new annual revenue of \$11.46 million.

Please support the health of our keiki and future generations. We are depending on you to do the right thing.

**HB-1085**

Submitted on: 1/29/2025 12:10:17 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Valerie Smalley	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair and Committee Members,

As a tobacco treatment specialist, parent and ex-smoker I am writing in strong support of HB1085. We have learned over time that each time the cigarette tax raises, the smoking rates decrease. It is a deterrent to teens getting started and a motivation for adults to quit. It is extremely powerful to work with someone where their hard earned dollars are a motivation to quit and they tally up what they can do with that money that they save weekly, monthly, annually and then over the cost of a decade.

Mahalo Valerie Smalley

**HB-1085**

Submitted on: 1/29/2025 2:55:28 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

Submitted By	Organization	Testifier Position	Testify
angelina keys	Individual	Support	Written Testimony Only

Comments:

- Public Health Impact:** Increasing taxes on tobacco products, including cigarettes and little cigars, is one of the most effective tools to reduce tobacco use. Studies consistently show that raising tobacco taxes leads to decreased smoking rates, particularly among youth and low-income populations. By increasing the tax rate in 2026, we can significantly decrease tobacco consumption and prevent future generations from becoming addicted to these harmful products.
- Revenue for Health Programs:** The tax increase will generate additional revenue, which can be used to fund vital health programs, including those aimed at smoking cessation, public health education, and chronic disease prevention. These funds will help mitigate the long-term healthcare costs associated with tobacco-related illnesses.
- Targeting Youth and Low-Income Smokers:** Research shows that tobacco tax increases disproportionately impact youth and low-income smokers, as they are more price-sensitive. By raising taxes, we make tobacco products less accessible to these vulnerable groups, decreasing the likelihood of youth starting to smoke and encouraging current smokers to quit.
- Earmarking Funds for Specific Health Initiatives:** The bill includes provisions to direct the tax revenue to non-general funds, which will ensure that the increased tobacco taxes are reinvested into programs that directly benefit public health, such as smoking prevention and cessation efforts. The excess funds will be directed to the general fund, providing additional resources for state services.
- Repealing Obsolete Tax Rates:** This bill also repeals outdated tax rates, streamlining the state's tax structure and eliminating unnecessary complications. This will help simplify enforcement and ensure that the tobacco tax system remains current and efficient.
- Support for Health Equity:** The revenue generated by the tax increase can be used to support initiatives that focus on reducing health disparities, particularly in communities disproportionately affected by tobacco use. The bill's provisions to fund health programs can contribute to reducing smoking rates in high-risk populations, such as Native Hawaiians and Pacific Islanders.
- National Best Practices:** HB1085 aligns with national best practices for tobacco control. Many states have successfully implemented similar tax increases, leading to declines in smoking rates, fewer tobacco-related diseases, and reductions in youth smoking initiation. By taking action now, Hawai'i can continue to lead in public health and tobacco prevention efforts.
- Long-Term Economic Benefits:** The reduction in smoking rates and the prevention of tobacco-related diseases will ultimately result in significant savings in healthcare costs.

By investing in prevention now, we can reduce the burden of tobacco-related illnesses on our healthcare system and improve the overall quality of life for residents.

9. **Comprehensive Tobacco Taxation:** Expanding the tax disposition to include all tobacco products ensures that the state remains responsive to the changing landscape of the tobacco industry, including the rise of e-cigarettes and other alternatives. By addressing all tobacco products, HB1085 ensures that no product escapes fair taxation.
10. **Building a Healthier Future:** This bill is a step toward building a healthier future for Hawai'i's residents by reducing tobacco use, preventing new users, and ensuring that funds generated from tobacco products are used to support public health initiatives that benefit all Hawai'i residents.

In conclusion, HB1085 is a critical piece of legislation that addresses both public health and fiscal responsibility. By raising tobacco taxes, directing funds to health programs, and repealing outdated tax rates, Hawai'i can continue to reduce tobacco use, prevent smoking-related diseases, and invest in the well-being of its residents. I urge you to support this important bill.

**HB-1085**

Submitted on: 1/29/2025 3:02:43 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kristin Mills	Individual	Support	Written Testimony Only

Comments:

I am in strong support of HB1085. Increasing the tax amount of tobacco products will have benefits in public health, especially given that there are many health issues related to tobacco use.

Please support HB1085.

Thank you,

Kristin Mills

## HB 1085 Relating to Cigarette Taxation

I am submitting this testimony in support of HV 1085 as a long-time Kauai pediatrician concerned with the health of the Hawaii population, both children and adults. There is ample research concerning the benefit of increasing cigarette taxes. The research supports the fact that the larger the tax increase, the greater the benefit will accrue related to cigarette use, both short and long term improved health, decreased state health costs, and increase in state revenue. An increase of \$1.00 per pack will generate \$11.46 million per annum and a long-term savings in health care expenses of \$611 million. The projected decrease in youth cigarette smoking by increasing cigarette taxes to \$1/ pack is 7.4%.

I am encouraged that the State Legislature is attacking the problem of tobacco use by using this taxation tool. It has proven to be quite successful in the past on Kauai.

Respectfully submitted,  
Linda Weiner, MD  
Kauai

Date: January 29, 2025

To: The Honorable Gregg Takayama, Chair  
The Honorable Sue L. Keohokapu-Lee Loy, Vice Chair  
Members of the House Committee on Health

Re: **Support for HB 1085**, Relating to Taxation

Hrg: Friday January 31, 2025 at 9:15 am via Videoconference Conference Room 329

Aloha House Committee on Health,

As a parent, community member and healthcare professional I am writing in **strong support of HB 1085**, which increases the tax rates for cigarettes and little cigars beginning 1/1/2026, amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund, and expands the tax disposition of tax revenues to the funds to include all tobacco product taxes, and repeals obsolete historical tax rates.

Raising the tobacco tax by \$1.00 per pack will produce significant public health benefits and cost savings that tobacco companies cannot easily off-set with temporary price cuts, coupons, and other promotional discounting.

**HB 1085** will result in an estimated:

- 2,400 Hawai'i adults quitting tobacco, including 100 young adults aged 18-24
- 7.4% reduction in tobacco use among Hawai'i youth under the age of 18
- 700 fewer premature deaths caused by smoking

Increasing the tobacco tax by \$1.00/pack will raise nearly \$11.5 million dollars in annual revenue.

I **strongly support HB 1085** and respectfully ask you to pass it out of committee.

Many thanks for your consideration,

Forrest Batz, PharmD  
Keaau, HI

**HB-1085**

Submitted on: 1/29/2025 4:49:29 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jessica Chang	Individual	Oppose	Written Testimony Only

Comments:

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**HB-1085**

Submitted on: 1/29/2025 5:23:40 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Cyd L. Hoffeld	Individual	Support	Written Testimony Only

Comments:

Aloha Rep. Gregg Takayama, Chair, Rep. Sue L. Keohokapu-Lee-Loy, Vice Chair, and Committee on Health Members,

I strongly support HB1085 which increases the tax rates for cigarettes and little cigars beginning 1/1/2026, amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund, and expands the tax disposition of tax revenues to the funds to include all tobacco product taxes. Repeals obsolete historical tax rates.

Raising taxes on cigarettes and little cigars can significantly reduce the use of these harmful nicotine products which increases overall health outcomes.

Please strongly support HB1085 for the health and well-being of everyone in Hawai'i.

Mahalo,

Cyd L. Hoffeld

**HB-1085**

Submitted on: 1/30/2025 8:38:41 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Susan Hirano	Individual	Support	In Person

Comments:

I stand in strong support of HB1085

In 2021 I was diagnosed with Stage 4 breast cancer. Since then I have been subject to 8 different types of treatments in an attempt to control the spread of the cancer. These 8 treatments include 5 different types of chemo protocols in the last 18 months.

Our doctors now advise me that the standard of care chemo treatments are not effective and have advised me to explore entering a clinical trial. Participating in a clinical trial will cause me to move to the mainland for an undetermined period of time - leaving my main support system - my 16 year old son and my husband.

Investing in and providing resources to the UH Cancer Center are critically important for patients like me. The opportunity to have state of the art and innovative treatments here at home are needed at a much broader scale than what they are today.

I strongly support bill HB1085. Not only will it assist in financially stabilizing the UH Cancer Center and allow them to utilize their NCI designation through research and offering clinical trials here in Hawaii, more importantly, it allows families like mine to stay together without the emotional stress and additional financial burden of travel. Navigating a cancer journey is a time when you need you family the most. In addition, clinical trials should be accessible by all of our patients of Hawaii, not just those with financial means. Currently, the only way to seek treatment if your cancer is rare or no longer responding to treatment is to locate a clinical trial on the mainland.

So please, we again ask that you support this bill and allow the world class team of researchers and oncologists at UHCC and our hospitals to focus less on keeping the lights on, and more on supporting the research needed to continue to find new innovative ways to combat this disease that impacts so many of us in the community.

Thank you for the opportunity to submit this testimony.

Respectfully,

Susan Hirano

**HB-1085**

Submitted on: 1/30/2025 10:41:25 AM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lani Hernandez	Individual	Oppose	Written Testimony Only

Comments:

The tax is too high already. Increasing it more will only create lower sales and even less future revenue. The bill to ban flavors will also decrease taxed sales creating even more problem for these groups.

**HB-1085**

Submitted on: 1/30/2025 2:07:42 PM

Testimony for HLT on 1/31/2025 9:15:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jason Park	Individual	Oppose	Written Testimony Only

Comments:

Change the bill to **lower** the tax. Voters like that.