



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

---

**ON THE FOLLOWING MEASURE:**

H.B. NO. 441, H.D. 1, RELATING TO CIGARETTE TAXES.

**BEFORE THE:**

HOUSE COMMITTEE ON HIGHER EDUCATION

**DATE:** Friday, February 7, 2025                      **TIME:** 2:00 p.m.

**LOCATION:** University of Hawaii at Manoa, Bachman Hall  
Board of Regents Conference Room 106  
2444 Dole Street  
Honolulu, Hawaii 96822

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Richard W. Stacey, Deputy Attorney General

---

Chair Garrett and Members of the Committee:

The Department of the Attorney General (Department) 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 18.00 cents. Additionally, the bill amends the disposition of revenues collected at the amended rate by increasing the cigarette tax amount allocated to the Hawaii Cancer Research Special Fund from 2.0 cents to 4.0 cents per cigarette.

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, Hawaii Revised Statutes (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.

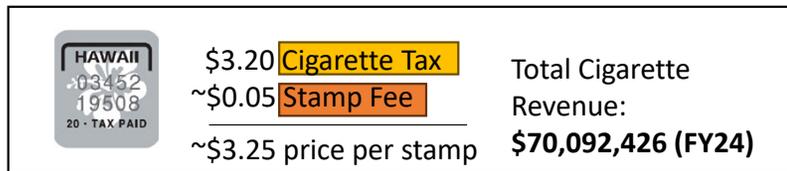
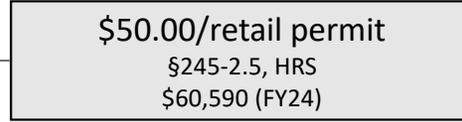
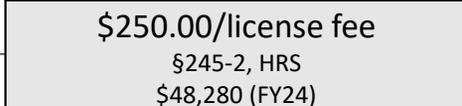
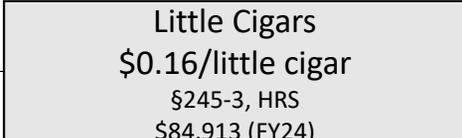
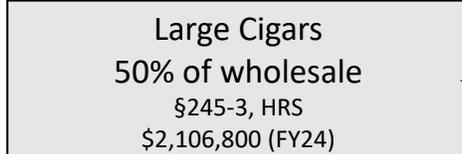
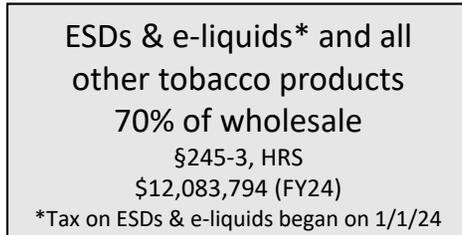
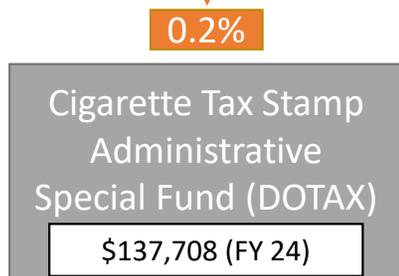
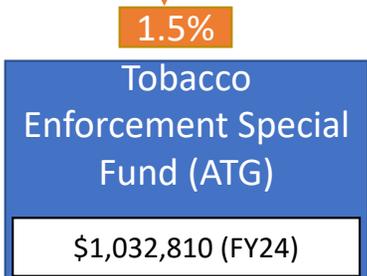
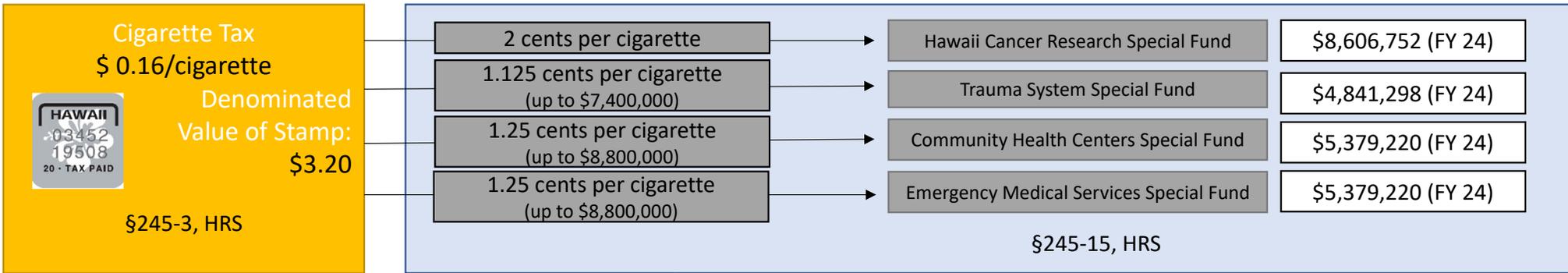
The Department recognizes that continued reliance on declining cigarette tax revenue is unsustainable. Therefore, the Department asks that the Committee also consider House Bill No. 1085. House Bill No. 1085 similarly raises the cigarette tax rate; however, this bill aims to move away from relying on cigarette taxes and expands 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.

The attached chart demonstrates the flow of the cigarette and tobacco tax and license money.

We respectfully urge the Committee to pass this bill or, alternatively, consider House Bill No. 1085 as a viable option. We also ask that this Committee change the defective effective date to the original effective date of July 1, 2025. For the implementation of a new tax stamp rate, the Department defers to the Department of Taxation.

Thank you for this opportunity to testify.

# CIGARETTE AND TOBACCO TAX AND LICENSE MONEY





‘ŌNAEHANA KULANUI O HAWAI‘I

Legislative Testimony

Hō‘ike Mana‘o I Mua O Ka ‘Aha‘ōlelo



Testimony Presented Before the  
House Committee on Higher Education  
Friday, February 7, 2025 at 2:00 p.m.

By

Naoto T. Ueno, Director  
University of Hawai‘i Cancer Center

And

Michael Bruno, Provost  
University of Hawai‘i at Mānoa

HB 441 HD1 – RELATING TO CIGARETTE TAXES

Chair Garrett, Vice Chair Amato, 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 441 HD1, which would increase the cigarette tax from \$0.16 to \$0.18 per cigarette. Currently, the cigarette tax revenues are allocated where \$0.02 supports Hawai‘i’s Cancer Center. This bill would provide for an additional \$0.02 in the cigarette tax amount allocated to the Hawai‘i cancer research special fund (for a total of \$0.04 per cigarette).

Funding from the cigarette tax has been instrumental since this fund’s 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 allocation 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 allocation 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 Hawai‘i 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 Hawai'i, Asia, and the Pacific regions.

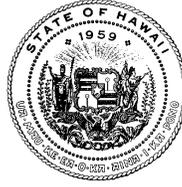
### **Investment in the UH Cancer Center Paves A New Way Forward in Research and Cancer Care**

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 Hawai'i and the Pacific, and beyond.

Based on the above, we believe that an increased allocation of 2 cents per cigarette tax would be financially beneficial to provide investment in the UH Cancer Center 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.



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

**Testimony in SUPPORT of H.B. 441, H.D. 1  
RELATING TO CIGARETTE TAXES**

REPRESENTATIVE ANDREW TAKUYA GARRETT, CHAIR  
HOUSE COMMITTEE ON HIGHER EDUCATION

Hearing Date: February 7, 2025

Room Number: University of Hawaii at Mānoa  
Bachman Hall, Board of Regents  
Conference Room 106 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 441, House Draft 1  
6 (H.B. 441, H.D. 1) which would impose an excise tax equal to 18.00 cents for each cigarette or  
7 little cigar sold, used, or possessed by a wholesaler or dealer on and after July 1, 2025, whether  
8 or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or  
9 dealer.

10 **Department Testimony:** According to the U.S. Surgeon General, increasing the price of tobacco  
11 products is the single most effective way to reduce consumption.<sup>1</sup> A ten percent increase in  
12 price has been estimated to reduce overall cigarette consumption by 3-5%.<sup>2</sup> Research also

---

<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>

1 suggests that both youth and young adults are two to three times more likely to respond to  
2 increases in price than adults.<sup>3</sup>

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

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

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

---

<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>

<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           The World Health Organization (WHO) recommends that tobacco taxes should be raised  
2 significantly and at regular intervals to ensure that tobacco products do not become more  
3 affordable.<sup>12</sup> The last cigarette tax increase in Hawaii was 14 years ago in 2011<sup>13</sup> and there was  
4 an observed decrease in high school cigarette use from years prior which continued steadily  
5 thereafter.<sup>14</sup>

6           The DOH supports H.B. 441, H.D. 1 to increase the excise tax on cigarettes and little  
7 cigars as a proven public health policy to prevent youth from starting and to help adults to quit  
8 smoking.

9           **Offered Amendments:** None

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

---

<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)

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

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

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 441, H.D. 1, Relating to Cigarette Taxes

**BEFORE THE:**

House Committee on Higher Education

**DATE:**

Friday, February 7, 2025

**TIME:**

2:00 p.m.

**LOCATION:**

University of Hawai'i at Mānoa, Bachman Hall  
Board of Regents Conference Room 106

Chair Garrett, Vice-Chair Amato, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 441, H.D. 1 for your consideration.

H.B. 441, H.D. 1 amends section 245-3(a), Hawaii Revised Statutes (HRS), to increase the cigarette tax to 18.00 cents for each cigarette or little cigar sold after July 1, 2025.

The bill also amends section 245-15, HRS, to allocate the increase in revenues from the tax to the Hawaii Cancer Research Special Fund.

The measure currently has a defective effective date. If passed, DOTAX requests that the effective date be amended to January 1, 2026 to provide sufficient time for DOTAX to update stamps and implement the system and form changes necessary for the proposed increase.

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



## **HB441 HD1 Cigarette Taxes**

### COMMITTEE ON HIGHER EDUCATION

Rep. Andrew Takuya Garrett, Chair

Rep. Terez Amato, Vice Chair

Friday, Feb 7, 2025: 2:00: Room 106 Videoconference

### **Hawaii Substance Abuse Coalition Supports HB441 HD1:**

*ALOHA CHAIR, VICE CHAIR, AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization 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 from 16 cents to 18 cents that is customary to happen every few years.

---

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

---

HSAC supports 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.



## **HB441 Cigarette Taxes**

HOUSE COMMITTEE ON HIGHER EDUCATION

Rep. Andrew Takuya Garrett, Chair

Rep. Terez Amato, Vice Chair

Wednesday, Feb 7, 2025: 2:00: UH Manoa, Bachman Hall, Room 106 2444  
Dole St. videoconference

### **Hina Mauka Supports HB441:**

*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 proposed amendment to add a \$0.01 increase to the bill such that the cigarette tax increases from 16 cents to 19 cents (\$0.01 more than the 18-cent tax in the bill.)**

Hina Mauka supports the Tobacco Coalition that any increase is applied by the existing formulas toward the special funds for cancer research, trauma systems, the Community Health Centers, and the emergency medical services special fund with any overflow going to the general fund to support much needed state revenues.

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



## 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 HIGHER EDUCATION

Representative Andrew Takuya Garrett, Chair  
Representative Terez Amato, Vice Chair

Date: February 7, 2025  
From: Hawaii Medical Association (HMA)  
Jerald Garcia MD - Chair, HMA Public Policy Committee

### **RE HB 441 HD1 Relating to Cigarette Taxes- Cigarette Tax; Disposition of Revenues; Hawai'i Cancer Research Special Fund Position: Support**

This measure would increase the cigarette tax and amend the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawai'i Cancer Research Special Fund.

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

#### **2025 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.

### **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

### **2025 Hawaii Medical Association Public Policy Coordination Team**

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

Friday, February 7, 2025 at 2:00pm

Via Video Conference  
University of Hawai'i at Manoa, Bachman Hall  
Board of Regents Conference Room 106  
2444 Dole Street  
Honolulu, Hawai'i 96822

**House Committee on Higher Education**

To: Representative Andrew Garrett, Chair  
Representative Terez Amato, Vice Chair

From: Ray Vara  
President & CEO

**Re: Testimony in Support of HB 441, HD1  
Relating To Cigarette Taxes**

---

My name is Ray Vara and I am the President and CEO of 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.

**I write in support of HB 441, HD1** which increases the cigarette tax by 2 cents and allocates the increase in the cigarette tax amount to the Hawai'i Cancer Research special fund.

The University of Hawai'i Cancer Research Center (Cancer Center) is the only institution in the Pacific that holds the prestigious National Cancer Institute (NCI) designation. The Cancer Center is one of only 72 NCI designated institutions in the US. The NCI designation gives the people of Hawai'i and the Pacific region access to innovative and potentially life-saving clinical trials without the necessity of traveling to the mainland. The Cancer Center is in a unique position to study and address the multi-ethnic causes of cancer and implement culturally tailored interventions and studies aimed at understanding and combating cancer in Hawai'i's diverse population.

The decline in cigarette tax revenue has been due to successful cessation programs in which the Cancer Center has been a collaborative partner. This underscores the need for sustained state support to continue these vital efforts. The declining revenue from the cigarette tax which has resulted from declining cigarette sales has had a negative impact

on the Cancer Center's ability to maintain the cutting-edge research it is engaged in. Unless the Cancer Center can compensate for the loss of revenue and obtain the additional funds it will not be in a position to grow its research capacity, attract world-class researchers and clinical investigators, address specialized oncology practice shortages, attract partnerships for clinical trials, and support its ongoing early phase clinical trials.

The incidence of cancer is increasing significantly and could double during the next twenty years. The additional revenue generated by the modest increase in the cigarette tax will allow the Cancer Center to continue to provide innovative clinical trials to Hawai'i residents to prevent and treat cancer and to ensure the Cancer Center's long-term success in addressing cancer-related challenges for patients in Hawai'i and the Pacific region.

Thank you for the opportunity to testify.



**WAIANAЕ COAST  
COMPREHENSIVE  
HEALTH CENTER**

**Friday, February 7, 2025 at 2:00 PM  
University of Hawai'i at Mānoa, Bachman Hall  
Board of Regents Conference Room 106**

**HOUSE COMMITTEE ON HIGHER EDUCATION**

**To: Chair Andrew Garrett  
Vice Chair Terez Amato**

**From: Ian Ross  
Public Affairs Director**

**RE: TESTIMONY IN SUPPORT WITH AMENDMENTS OF HB441 SD1 - RELATING TO  
CIGARETTE TAXES**

---

Aloha Chair Andrew Garrett, Vice Chair Terez Amato, and Members of the Committee,

The Waianae Coast Comprehensive Health Center (WCCHC) offers its support for HB441 SD1, which proposes an increase in the cigarette tax with additional revenues allocated to the Hawai'i Cancer Research Special Fund.

WCCHC is a Federally Qualified Health Center that serves over 35,000 patients annually in West O'ahu, one of the most underserved areas of Hawai'i. For over 52 years, we have provided comprehensive primary and behavioral health care, vision services, dental services, and emergency medical services. We work tirelessly to address not only immediate health concerns but also the long-term health outcomes for our community.

As a health center located in a community with higher rates of tobacco use compared to state averages, we are acutely aware of the devastating impact tobacco-related illnesses have on individuals and families. Lung cancer, heart disease, and other conditions linked to smoking remain leading causes of preventable death in our state. HB441 takes a step forward in addressing these challenges by both discouraging smoking through higher taxes and redirecting resources toward lifesaving research.

This legislation also provides a worthwhile boost to the Hawai'i Cancer Research Special Fund, enabling cutting-edge research to benefit all residents of Hawai'i.

WCCHC respectfully ask this Committee to pass HB441 SD1.

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



Date: February 6, 2025

To: Rep. Andrew Takuya Garrett, Chair  
Rep. Terez Amato, Vice Chair  
Members of the House Committee on Higher Education

From: Alexandria Felton, Advocacy Director, Campaign for Tobacco-Free Kids

Re: **Support with Amendments for HB 441 HD1, Relating to Cigarette Taxes**

Dear Chair Takayama,

The Campaign for Tobacco-Free Kids supports significant increases in cigarette taxes because they reduce tobacco use and prevent youth from starting to use tobacco products, and new revenue can be used to sufficiently fund health programs including the University of Hawai'i Cancer Center. **For this reason, we respectfully request consideration of at least a \$0.05 per cigarette (\$1.00 per pack) increase instead of the \$0.02 per cigarette (\$0.40 per pack) increase currently proposed in HB 441 HD1.**

Reports from the U.S. Surgeon General, the National Cancer Institute, the World Health Organization, the World Bank, and many others recognize that tobacco tax increases are one of the most effective interventions to reduce tobacco use, prevent initiation, and save lives. The Campaign for Tobacco-Free Kids and the American Cancer Society Cancer Action Network, working in conjunction with economists at Economics for Health (a research project housed in the Hopkins Bloomberg School of Public Health), estimate that a \$1.00 per pack cigarette tax increase in Hawai'i will generate \$10.84 million in new revenue in its first year. On top of that, this increase will prevent 500 kids in Hawai'i from becoming smokers, prompt 2,000 smokers to quit, prevent 500 smoking-caused deaths, and save the state more than \$31.8 million in long-term health care costs.

A small cigarette tax increase alone will not impact health. Research shows that **cigarette tax increases much lower than \$1.00 per pack 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.

We urge you to consider a higher tax rate increase that will both reduce tobacco use and provide the investment necessary for University of Hawai'i Cancer Center to meet the needs of the community.

Thank you,  
Alexandria Felton, Campaign for Tobacco-Free Kids



The Honorable Andrew Takuya Garrett  
Chair  
House Committee on Higher Education  
Hawai'i State Capitol, Room 323  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chair Garrett and members of the Committee,

On behalf of Japan Tobacco International U.S.A., Inc. (JTI USA), an importer and distributor of tobacco products based in Raleigh, NC, I write to express our opposition to the proposed increase in the state's excise tax on cigarettes. JTI USA firmly believes minors should never access or consume tobacco products. However, informed adults should retain the freedom to legally purchase tobacco products. We stand with our partners—retailers, distributors, and adult consumers—in opposing the \$1 a pack tax increase proposed in HB 1085 and instead urge the consideration of HB 441.

JTI USA supports evidence-based, proportionate regulation and recognizes the fiscal challenges facing the state. While we understand the role of reasonable taxation, any necessary tax increases should be moderate and consider neighboring states' tax rates to minimize unintended consequences, such as cross-border sales or revenue loss. The proposed increase in the state excise tax (SET) to \$4.20 would provide only a temporary boost in cigarette tax revenue, while imposing lasting harm on tax-paying businesses and adult consumers. States that raised cigarette excise taxes by 75 cents to \$1.75 per pack saw legal cigarette volumes drop by 20–30%, largely driven, not by a reduction in consumption, but due to inflows of cross-border smuggling<sup>1</sup>.

According to data from the Mackinac Center for Public Policy, smuggled cigarettes accounted for 54.5% of total cigarette consumption in New York. Tax increases in 2021 in Colorado, Maryland, and Oregon led to substantial increases in the cross-border smuggling rates, yielding a dramatic decrease in tax revenue totaling hundreds of millions of dollars<sup>2</sup>. All told substantial increases in the SET lead to significant financial shortfalls compared to the optimistic budget projections used to justify those same increases.

---

<sup>1</sup> Adam Hoffer, "Cigarette Taxes and Cigarette Smuggling by State, 2021," Tax Foundation, December 2023, <https://taxfoundation.org/data/all/state/cigarette-taxes-cigarette-smuggling-2023/>

<sup>2</sup> Michael Lafaive and Todd Nesbit, "Cigarette Taxes & Smuggling," Mackinac Center for Public Policy, June 2023, <https://www.mackinac.org/smokes>



Additionally, cross-border purchases would further reduce future state sales tax revenue, as consumers take less trips to local businesses. Retailers, already struggling with financial pressures from inflation, would face additional revenue losses across all product categories as shoppers adjust their buying habits—potentially crossing state lines to find more affordable alternatives.

History has shown that disproportionate increases in the SET often reduce, rather than increase, tax revenue, while placing additional fiscal strain on the state. We urge the state to avoid repeating these mistakes, which would harm local retailers and burden taxpaying adults. Instead, we encourage the State Legislature to explore long-term, sustainable solutions for raising revenue that protect businesses and consumers. In this light we believe consideration of the lower proposed increase in HB 441 would be warranted to increase revenue while not hurting consumers, retailers, and the state's budget.

Sincerely,

A handwritten signature in black ink, appearing to read 'John McDonald'. The signature is fluid and cursive.

John McDonald  
Corporate Affairs & Communications



## THE QUEEN'S HEALTH SYSTEMS

---

To: The Honorable Andrew Takuya Garrett, Chair  
The Honorable Terez Amato, Vice Chair  
Members, House Committee on Higher Education

From: Jason Chang, President & CEO, The Queen's Health Systems

Jace Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 7, 2025

Re: Support for HB441 HD1: Relating to Cigarette Taxes

---

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 HB441 HD1, which increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Center Research Special Fund.

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

May Okihiro, MD, MS  
Chair  
John A. Burns School of Medicine,  
Department of Pediatrics

Titiimaea Ta'ase, JD  
Secretary  
State of Hawai'i, Deputy Public Defender

Carissa Holley, MEd  
Treasurer  
Hale Makua Health Services

Debbie Erskine  
ARCH-MEPS Consulting LLC, Owner

Camonia Graham - Tutt, PhD  
University of Hawai'i - West O'ahu

Jennifer José Lo, MD  
Hawai'i Health Partners

Misty Pacheco, DrPH  
University of Hawai'i at Hilo

Justin Puckett, CPA, MBA  
Humana

Kathleen Roche, MS, RN, CENP  
Kaiser Permanente

Dina Shek, JD  
Medical-Legal Partnership  
For Children in Hawai'i

Garret Sugai  
HMSA

JoAnn Tsark, MPH  
John A. Burns School of Medicine, Native  
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: February 6, 2025

To: Representative Andrew Takuya Garrett, Chair  
Representative Terez Amato, Vice Chair  
Members of the House Committee on Higher Education

RE: Support with Amendments for HB 441 HD1, Relating to Cigarette Taxes

Hrg: Friday, February 7, 2025 at 2:00 PM, UH Mānoa, Board of Regents  
Conference Room 106

---

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 441 HD1 with amendments**, which would increase the cigarette tax to deposit extra revenue into the Hawai'i Cancer Research Special Fund.

***We respectfully ask you to consider an amendment to raise the tax on cigarettes by \$1 per pack (or 21 cents per stick) to maximize the bill's benefit for public health. We suggest adopting the bill language from HB 1085.***

Raising taxes on cigarettes is a proven strategy to help reduce cigarette use and dependence, and can be a benefit for public health when that increase is at the rate of \$1 per pack. 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. One projected outcome with a \$1 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 helping to strengthen the health of our state by considering this measure. The Coalition supports HB 441 HD1 and asks you to pass this measure out of committee with the requested amendments.

Mahalo,

A handwritten signature in black ink that reads "Kevin Ramirez". The signature is fluid and cursive, with a long, sweeping underline.

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

---

1 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.

2 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.*

3 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&localeType=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.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Tax Hike with Increase Directed to Hawai'i Cancer Research Special Fund

BILL NUMBER: HB 441 HD 1

INTRODUCED BY: House Committee on Health

EXECUTIVE SUMMARY: Beginning 7/1/2025, increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawai'i Cancer Research Special Fund.

SYNOPSIS: Amends section 245-3(a)(12), HRS, to raise the tobacco tax from 16 cents to 18 cents for each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer on and after July 1, 2025, whether or not sold at wholesale, or if not sold, then at the same rate upon the use by the wholesaler or dealer.

Amends section 245-15, HRS, to raise the earmark on the tobacco tax per cigarette to the Hawaii cancer research special fund by 2 cents after June 30, 2025.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: 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.

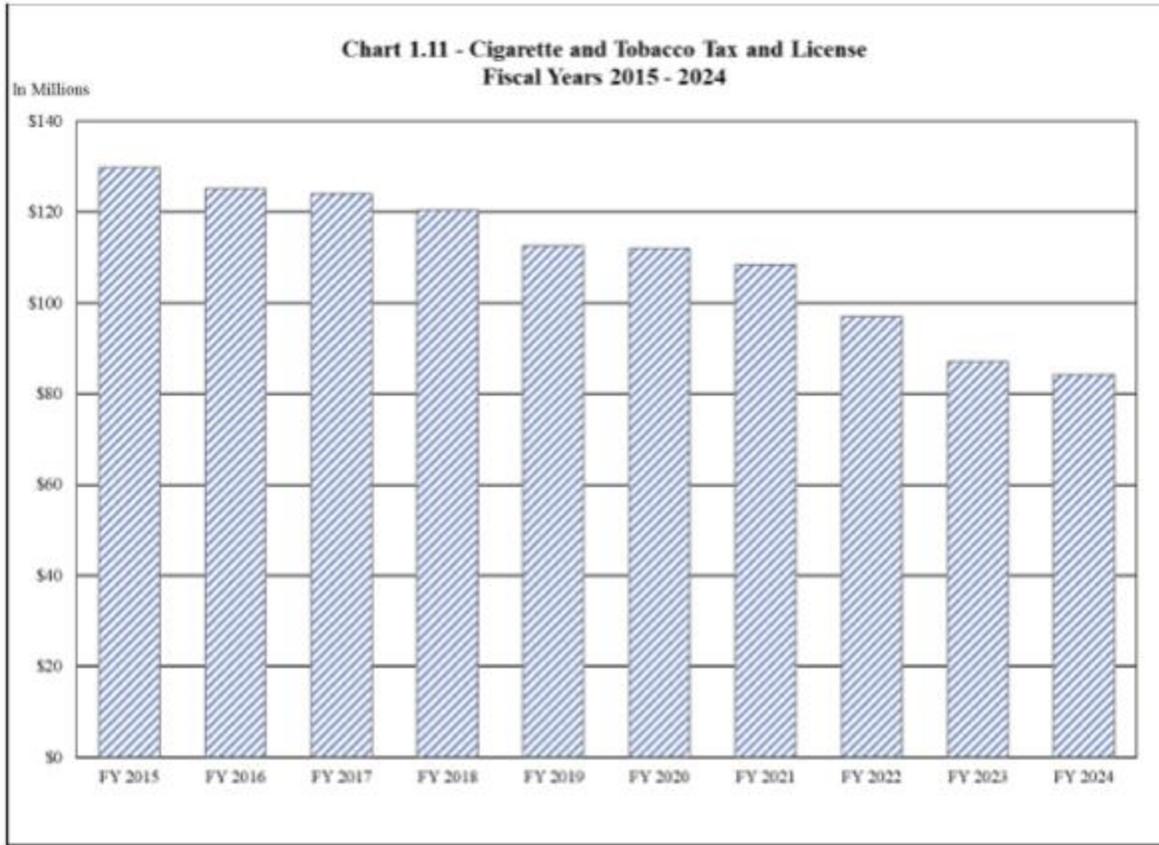
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers 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: 2/5/2025



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

## Memorandum

**Date:** February 6, 2025

**To:** Members of the House Committee on Higher Education

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

**Subject:** Hawaii HB 441 Regarding a Cigarette Tax Increase

House Bill 441 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.

---

<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.



Committee on Higher Education  
Rep. Andrew Garrett, Chair  
Rep. Terez Amato, Vice Chair

Hearing Date: Friday, February 7, 2025

**ACS CAN SUPPORTS WITH AMENDMENTS HB 441 HD1 – RELATING TO CIGARETTE TAXES.**

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

Thank you for the opportunity to **SUPPORT WITH AMENDMENTS** HB 441 HD1: Relating to Cigarette Taxes.

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 calls on you to increase the amount of the cigarette tax increase contained in this bill to a 5 cent per cigarette increase (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.

## Cigarette Tax Increases That Deliver: \$1.00 or More Per Pack are Needed to Ensure a Public Health Impact

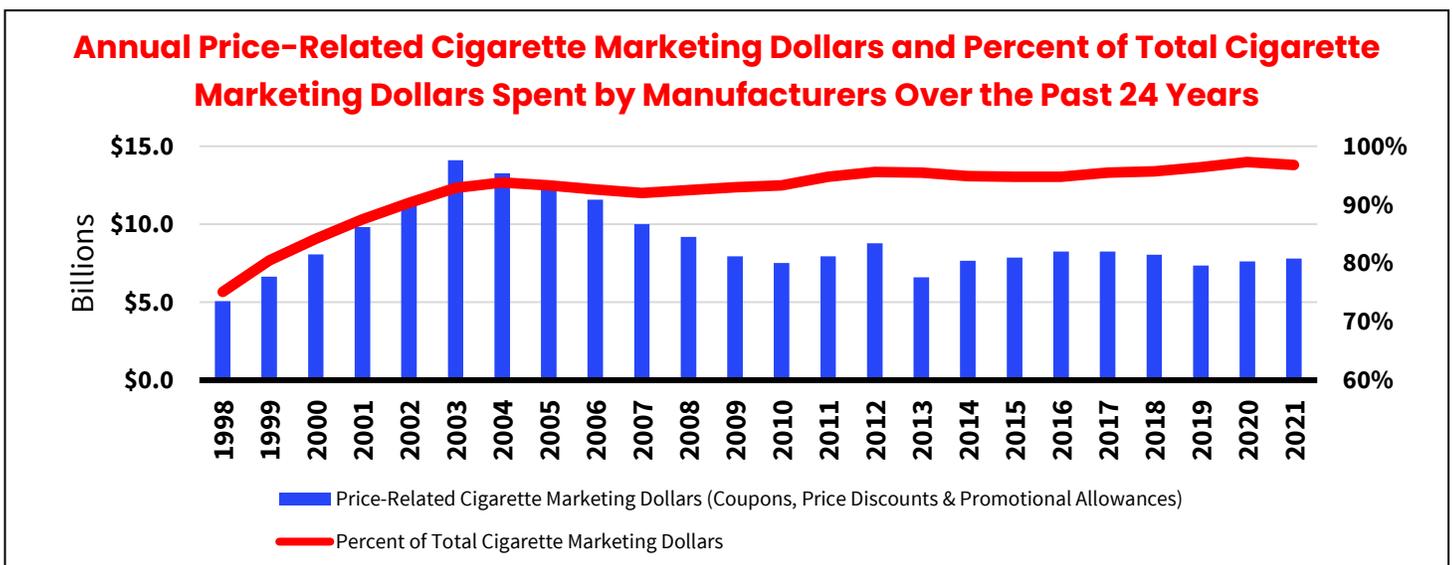
The American Cancer Society Cancer Action Network (ACS CAN) supports a comprehensive approach to tobacco control that includes significantly increasing excise taxes on all forms of tobacco. Regular, significant excise tax increases of \$1.00 or more per pack of cigarettes are one of the most effective ways to prevent kids from starting to use cigarettes and to help adults quit. Tobacco excise taxes can also reduce tobacco-related health disparities among people with limited incomes, pregnant persons and among racial and ethnic populations.<sup>i,ii,iii</sup>

## To Discourage Cigarette Use Excise Tax Increases Must be High Enough to Impact Price

In order for cigarette excise tax increases to help people quit and prevent youth from ever starting the increases must be large enough to significantly impact the price of cigarettes for consumers. While cigarette excise tax increases of smaller amounts may generate small amounts of additional revenue, they fail to significantly reduce tobacco use.

## The Tobacco Industry Uses Coupons and Discounts to Actively Undermines Excise Tax Increases

The goal of tobacco companies is to protect profits by getting and keeping people addicted to tobacco.<sup>iv</sup> Significant increases to cigarette excise taxes run counter to this goal. Therefore, when cigarette excise taxes are increased, major tobacco companies flood the market with coupons and discounts, such as “buy-one-get-one-free” offers, to keep the overall cost of tobacco products low discourage consumers from quitting. In fact, the tobacco industry now spends most of its marketing dollars on price-reducing tactics known to be most appealing to individuals with limited-income and other price-sensitive individuals, like kids.<sup>v</sup>



American Cancer Society Cancer Action Network | 655 15th Street, NW, Suite 503 | Washington, DC 20005

 @ACSCAN |  @ACSCAN | [fightcancer.org](https://fightcancer.org)

Significant excise tax increases of at least \$1.00 or more per pack of cigarettes are needed to prevent these price-reducing tactics and achieve the public health goal of reducing tobacco use. Cigarette excise tax increases of less than \$1.00 per pack allow the industry to easily offset any price hikes with coupons, discounts, and other price-lowering sales promotions.

In the last 24 years, the percent of total cigarette marketing dollars spent by the industry on all its price-reducing tactics has grown significantly. In fact, in 2021 the two largest spending categories for cigarette marketing were retail and wholesale price discounts – despite the total number of cigarettes sold reducing by 6.7% in 2021 from 2020. Payments to retailers and wholesalers for price discounts and promotional allowances combined totaled \$7.65 billion, or 94.9% of all cigarette marketing dollars in 2021.<sup>vi</sup> Tobacco manufacturers continue to rely heavily on price-reducing tactics to not only undermine tobacco excise tax increases, but research has shown these strategies also encourage smoking initiation and hinder smoking cessation attempts.<sup>vii,viii</sup>



## ACS CAN's Position

Increases in cigarette excise taxes of at least \$1.00 per pack will ensure a public health impact of reducing tobacco use is achieved, despite industry attempts to offset price increases and keep prices low. Increases higher than \$1.00 per pack can deliver health and revenue benefits for the state. ACS CAN recommends directing new tobacco excise tax revenues to fund fact-based tobacco prevention and cessation programs to further amplify the public health benefits of the excise tax increase. Lastly, there should be tax parity for all tobacco products, including e-cigarettes, pipe tobacco, cigars, snus, hookah and all other smokeless tobacco products.

<sup>i</sup> The Community Guide. Tobacco Use: Interventions to Increase the Unit Price for Tobacco Products. November 2012. Retrieved from <https://www.thecommunityguide.org/findings/tobacco-use-interventions-increase-unit-price-tobacco>.

<sup>ii</sup> Centers for Disease Control and Prevention (CDC). Response to increases in cigarette prices by race/ethnicity, income, and age groups--United States, 1976-1993. *MMWR Morb Mortal Wkly Rep.* 1998 Jul 31;47(29):605-9. PMID: 9699809.

<sup>iii</sup> Ringel, J.S., and Evans, W. "Cigarette Taxes and Smoking During Pregnancy," *Am J Public Health*, 2001 November; 91(11): 1851-1856. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1446890/>.

<sup>iv</sup> For a review of how tobacco companies view the corporate impact of cigarette tax increases, see: Campaign for Tobacco-Free Kids: "Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know it)." Updated March 15, 2021. <https://www.tobaccofreekids.org/assets/factsheets/0146.pdf>.

<sup>v</sup> Regarding the effect of price discounts on population segments, see: Xu, X., Wang, X., Caraballo, R. "Is Every Smoker Interested in Price Promotions? An Evaluation of Price-Related Discounts by Cigarette Brands," *J Public Health Management Practice*, 2016, 22(1), 20-28.

<sup>vi</sup> U.S. Federal Trade Commission (FTC), Cigarette Report for 2021, January 2023, [https://www.ftc.gov/system/files/ftc\\_gov/pdf/p114508cigarettereport2021.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/p114508cigarettereport2021.pdf) [data for top 4 manufacturers only: Altria Group, Inc.; ITG Holdings USA Inc.; Reynolds American, Inc.; and Vector Group Ltd.].

<sup>vii</sup> Wang Y, Duan Z, Weaver SR, Self-Brown SR, Ashley DL, Emery SL, Huang J. The Short-Term and Long-Term Associations Between Receiving Tobacco Discounts or Coupons and Smoking Cessation Among U.S. Adult Cigarette Smokers With Intention to Quit. *Nicotine Tob Res.* 2023 Mar 22;25(4):699-708. doi: 10.1093/ntr/ntac216. PMID: 36124654; PMCID: PMC10032185.

<sup>viii</sup> Liber AC, Sánchez-Romero LM, Cadham CJ, Yuan Z, Li Y, Oh H, Cook S, Warner KE, Henriksen L, Mistry R, Meza R, Fleischer NL, Levy DT. Tobacco Couponing: A Systematic Review of Exposures and Effects on Tobacco Initiation and Cessation. *Nicotine Tob Res.* 2022 Oct 17;24(10):1523-1533. doi: 10.1093/ntr/ntac037. PMID: 35143678; PMCID: PMC9575981.

American Cancer Society Cancer Action Network | 655 15th Street, NW, Suite 503 | Washington, DC 20005

@ACSCAN | @ACSCAN | [fightcancer.org](https://www.fightcancer.org)

Updated 7.07.23



## 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>.***

**HB-441-HD-1**

Submitted on: 2/6/2025 10:41:50 AM

Testimony for HED on 2/7/2025 2:00:00 PM

<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 stand in strong opposition of this resustainable tax increase.

**HB-441-HD-1**

Submitted on: 2/6/2025 10:42:50 AM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Travis Yoshinaga	Marukin Market	Oppose	Remotely Via Zoom

Comments:

Aloha Chair, Vice Chair, and Members of the Committee,

I am Travis Yoshinaga, the owner of Marukin Market, a small, family-run business that has served our community for over a decade. I strongly oppose HB 441, which seeks to increase cigarette taxes further. While I understand the intent behind reducing smoking rates, the economic consequences of yet another tax increase on tobacco products would be devastating—not only to small businesses like mine but also to the state’s economy as a whole.

Negative Consequences of Increasing Cigarette Taxes

1. Encourages Black Market Sales and Illegal Trade

As seen in other states with excessively high tobacco taxes, sharp increases drive consumers to seek cheaper alternatives through illegal channels. Hawaii already faces a significant issue with smuggled and untaxed cigarettes. Higher taxes would only fuel this underground market, reducing state revenue rather than increasing it. In New York, where cigarette taxes are among the highest in the nation, nearly 53% of all cigarettes consumed are illicit—a prime example of how over-taxation can backfire.

2. Unfair Burden on Small Businesses

Local retailers like Marukin Market depend on the sale of legal, taxed tobacco products to stay afloat. We have already been struggling with the recent 70% vapor tax increase enacted in 2024, which has significantly cut our revenue from legal vapor product sales. Many of our customers have switched to online or black-market alternatives, leaving small businesses to bear the financial brunt. Another excessive tax increase on cigarettes will only make things worse, forcing customers away from legitimate businesses and further eroding our ability to survive.

3. Regressive Impact on Low-Income Consumers

Cigarette taxes disproportionately impact lower-income individuals who are less able to absorb the additional costs. Rather than quitting outright, many turn to illegal sources or divert spending

from essential goods. A more effective approach would be investing in accessible smoking cessation programs rather than imposing punitive taxes that harm vulnerable communities.

#### 4. Declining Tax Revenue Over Time

While proponents argue that higher taxes generate revenue, studies show that excessive increases can lead to a decline in legal sales, ultimately reducing state tax collections. With the existing high tobacco taxes, Hawaii is already seeing this effect. Further increases will only accelerate the shift to non-taxed sources, leading to diminishing returns for state funds.

#### Conclusion

The 70% vapor tax increase in 2024 has already hurt small businesses and fueled alternative markets. Increasing cigarette taxes further through HB 441 will only worsen these issues—encouraging illicit trade, harming small retailers, disproportionately affecting low-income residents, and potentially leading to lower state revenues in the long run.

I urge the committee to oppose HB 441 and instead consider more balanced approaches to tobacco regulation that do not cripple small businesses and drive consumers into the black market.

Thank you for your time and consideration.

Travis Yoshinaga

Owner, Marukin Market

**HB-441-HD-1**

Submitted on: 2/6/2025 11:03:49 AM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brian Char	BMA Mart	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Brian Char, and I own BMA Mart, a small local business that has been serving our community for years. I am submitting testimony today to strongly oppose HB 441, which would raise cigarette taxes even higher than the \$3.40 per pack tax it is today. I get why the state wants to reduce smoking, but raising taxes again isn't the answer. We've already seen the damage these kinds of tax hikes do, and this bill will only make things worse.

More Taxes = More Illegal Sales

Let's be real—when taxes get too high, people don't just stop smoking. They find other ways to get their cigarettes, whether that means buying from the black market, asking friends to bring them in from out of state, or switching to untaxed alternatives. We've already seen this happen with the 70% vapor tax increase that passed in 2024. That tax was supposed to bring in more money, but instead, a lot of my customers just stopped buying from legal shops like mine and started getting their products elsewhere.

Small Businesses Are Getting Crushed

Running a small store is tough enough already, and every time the state raises taxes like this, it just pushes more of my customers away. I've already taken a hit from the vapor tax increase, and another huge jump in cigarette taxes will only make it harder to stay in business. People will either stop buying from me or buy less, and that's revenue I can't afford to lose. Meanwhile, the illegal sellers aren't paying taxes, aren't following the rules, and aren't getting punished. How is that fair?

Hurting Everyday People

Let's not forget who this really hurts—regular working-class people. Higher cigarette taxes don't just make people quit overnight; they just make it more expensive for those who are still smoking. The reality is that many of my customers are older, working-class folks who have been smoking for years. Instead of helping them quit, these tax hikes just make life harder for them.

It Won't Even Bring in More Money

If the state thinks this tax increase will bring in a bunch of new revenue, think again. We've already seen that when taxes get too high, legal sales drop, and people turn to other sources. In the end, the state could actually lose money instead of gaining it. And guess who gets hurt the most? Small businesses like mine.

#### Final Thoughts

We've already seen what happened with the 70% vapor tax. It pushed customers away, hurt small stores, and didn't fix the problem. HB 441 will do the same thing with cigarettes. Instead of raising taxes again, we should be looking at better ways to address smoking—ways that don't punish small businesses and drive people to the black market.

Please don't pass this bill. It's not the right solution.

Mahalo for your time,

Brian Char

Owner, BMA Mart

**HB-441-HD-1**

Submitted on: 2/6/2025 11:03:59 AM

Testimony for HED on 2/7/2025 2:00:00 PM

<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.

## TESTIMONY IN SUPPORT OF HB 441 HD1

TO: Chair Garrett, Vice-Chair Amato, and Members

FROM: Michael Paul, Certified Tobacco Treatment Specialist

DATE: February 7, 2025 (2:00pm)

---

Hawai'i Health & Harm Reduction Center (HHRC) **supports** with amendments HB 441 HD1, which would increase the tax on cigarettes and little cigars, raising revenue for the Hawaii cancer research special fund.

With the ongoing support of the Hawai'i Community Foundation, HHRC continues to offer smoking cessation services that are tailored to meet the needs of our state's LGBTQ+ people through its [Hawai'i's Last Drag](#) (HLD) program. I proudly work as one of HLD's certified tobacco treatment specialists (CTTS). We work with individuals in ways that are most appropriate for their current needs, with trainings conducted in person or via phone, text, or videoconferencing. We provide smoking cessation products to assist them with quitting the consumption of smoked tobacco and other nicotine products.

This bill, which would effectively raise the price of a pack of cigarettes by 40 cents (2 cents per cigarette), will be more effective at both raising funds for cancer center research as well as reducing cigarette smoking if it is amended to raise the price of a pack of cigarettes by \$1 (5 cents per cigarette). Raising the price of a pack of cigarettes by \$1 will contribute to reducing the smoking of cigarettes [by youths](#) and adults alike. Significant cigarette tax increases have consistently [been linked](#) to reduced rates of initiation by prospective smokers, increased tax revenues in state coffers and reducing the health costs, often shouldered by the state, that smoking inevitably causes.

Significantly raising cigarette taxes is so effective at curbing the initiation of new smokers and helping people to quit, that tobacco companies, like Philip Morris, now known as Altria, have complained that it is among their largest concerns, ["Of all the concerns, there is one - taxation - that alarms us the most. While marketing restrictions and public and passive smoking \[restrictions\] do depress volume, in our experience taxation depresses it much more severely..."](#)



HHRC's mission is to reduce harm, promote health, create wellness, and fight stigma in Hawai'i and the Pacific. We work with many individuals impacted by poverty, housing instability, and other social determinants of health. Many have behavioral health problems, including those related to substance use and mental health conditions. Many of our program clients and participants have also been deeply impacted by trauma, including histories of physical, sexual, and psychological abuse.

Thank you for the opportunity to testify on this measure.

**COMMITTEE ON HIGHER EDUCATION**

**Rep. Andrew Takuya Garrett, Chair**

**Rep. Terez Amato, Vice Chair**

**LATE**

**Friday, February 7, 2025**

**2:00 PM – Board of Regents Conference Room 106**

**Testimony In Support of House Bill 441 House Draft 1 Relating to Health with Amendments**

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

**The American Lung Association calls on the State Legislature to support House Bill 441 House Draft 1 with an amendment increasing the tax to \$1.**

Tobacco use is devastating to Hawai'i's communities. We advocate for proven strategies to reduce smoking, especially among youth, and to fund crucial health programs. Increasing cigarette taxes is a demonstrably effective solution [1]. We support a substantial cigarette tax increase because it will:

- Reduce Smoking: Higher prices decrease consumption [2].
- Prevent Youth Initiation: Price sensitivity deters young smokers [3].
- Generate Revenue: Funds should support vital programs like the University of Hawai'i Cancer Center.

We request at least a \$1.00 per pack increase, not the insufficient \$0.40 currently proposed in HB 441 HD1. A stronger increase is essential for meaningful impact. Decades of research confirm tobacco tax increases are a top tobacco control measure [4]. The U.S. Surgeon General, NCI, and WHO agree: higher taxes save lives [5, 6]. A \$1.00 per pack increase in Hawai'i is projected to:

- Generate \$10.84 million in new annual revenue.
- Prevent 500 children from becoming smokers.
- Help 2,000 smokers quit.
- Prevent 500 smoking-related deaths.
- Save \$31.8+ million in healthcare costs.

Small tax increases are ineffective. The tobacco industry easily absorbs minor increases through price manipulation [8]. Significant tax hikes are needed to truly impact consumption [9].

The American Lung Association in Hawai'i implores you to prioritize our communities' health. A substantial cigarette tax increase is a powerful tool to reduce tobacco use, protect our *keiki*, and fund the University of Hawai'i Cancer Center in our fight against cancer and lung disease.

Thank you for your consideration. We urge bold action to protect lung health in Hawai'i.

Pedro Haro  
Executive Director  
American Lung Association in Hawai'i  
[pedro.haro@lung.org](mailto:pedro.haro@lung.org)

Citations:

[1] U.S. Surgeon General's Report, 2014.

- [2] Chaloupka & Warner, *Handbook of Health Economics*, 2000.  
[3] Tauras et al., *Tobacco Control*, 2001.  
[4] Promoting taxation on tobacco products, World Health Organization.  
[5] National Cancer Institute Monograph 21, 2009.  
[6] U.S. Surgeon General's Report, Youth & Young Adults, 2012.  
[7] Chaloupka et al., *Tobacco Control*, 2002.  
[8] Lewit, *Am J Prev Med*, 1989.

1288 Ala Moana Blvd. Suite 201  
Honolulu, Hawaii 96814  
tel (808) 524-1508  
fax (808) 524-0766  
web kobayashi-group.com  
email info@kobayashi-group.com

**LATE**

February 7, 2025

Representative Andrew Takuya Garrett  
Representative Terez Amato  
Members of the House Committee on Higher Education

**SUBJECT: TESTIMONY IN SUPPORT OF HB 441 RELATING TO CIGARETTE TAXES**

Dear Chair Garrett, Vice Chair Amato, and Distinguished Committee Members:

Mahalo for the opportunity to provide testimony in support of House Bill 441 (HB441, HD1), which increases the cigarette tax from \$0.16 to \$0.18, and allocates revenue from the tax to the Hawai'i Cancer Research Special Fund.

The University of Hawai'i Cancer Research Center is the only institution in the Pacific that holds the prestigious National Cancer Institute (NCI) designation. The Cancer Center is one of 72 NCI designated institutes in the U.S. The NCI designation and recognition gives the people of Hawai'i and the Pacific region access to innovative and potentially life-saving clinical trials here in the islands, reducing the need to travel to the continental U.S. for treatment.

Increasing the excise tax on cigarettes and little cigars will increase state tax revenues, while also reducing cigarette consumption among youth and young adults. Studies suggest that younger smokers are two to three times more likely to respond negatively to price increases compared to adults. A modest increase in tax on tobacco production can potentially deter youth and young adults from starting, and also encourage other smokers to quit.

The World Health Organization (WHO) recommends that tobacco taxes should be raised significantly and at regular intervals to ensure tobacco products do not become more affordable or more accessible. Furthermore, funding from the cigarette tax has been instrumental in the progress of UH Cancer Center's capacities and initiatives, community health centers and the emergency medical services. An increase in the tax would help keep Hawai'i at the forefront of cancer research, and ensure that our communities receive the care and resources they need.

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

Sincerely,

Alana Kobayashi Pakkala  
CEO and Partner

Date: February 4, 2025

To: The Honorable Andrew Takuya Garrett, Chair  
The Honorable Terez Amato, Vice Chair  
Members of the House Committee on Higher Education

Re: **Support for HB 441 HD1**, Relating to Cigarette Taxes

Hrg: Friday February 7, 2025 at 2:00 pm via Videoconference, University of Hawai'i at Mānoa, Bachman Hall, Board of Regents Conference Room 106

Aloha House Committee on Higher Education,

As a parent, community member and healthcare professional I am writing in **strong support of HB 441 HD1, with amendments**, which beginning 7/1/2025, increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Research Special Fund.

Allocating the 40 cent/pack increase in HB 441 HD1 for the Cancer Research Fund will allow much-needed cancer research in Hawai'i to continue uninterrupted.

**I respectfully request the Committee to amended HB 441 HD1 to raise the tobacco tax by \$1.00/pack**, which 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

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

**I strongly support HB 441 HD1**, respectfully **ask you to amend** as stated above **and pass it out of committee**.

Many thanks for your consideration,

Forrest Batz, PharmD  
Keaau, HI

**HB-441-HD-1**

Submitted on: 2/4/2025 4:58:09 PM

Testimony for HED on 2/7/2025 2:00:00 PM

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

Comments:

:(

**HB-441-HD-1**

Submitted on: 2/4/2025 5:36:39 PM

Testimony for HED on 2/7/2025 2:00:00 PM

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

Comments:

Aloha Committee on Higher Education Chair and members of the committee,

My name is Leslie and I am in support of Bill HB 441 HD1, however I would like the committee to consider an amendment of increasing the tax per pack of cigarettes to \$1. As a parent and mentor to youth in our communities, I can see that tobacco use has been impacting the future of these keiki. I think that it is important to show the youth and adults that the harmful effects of tobacco use comes with a financial burden. The use of tobacco products already comes with so many consequences for their physical health and mental health. Somehow, these consequences are not enough to send a strong message, since the youth are hooked on nicotine and flavors. It is very unfortunate to know that many of us are affected by this preventable cause of death and cancer.

If we raise the tax per pack to \$1, it would mean that 100 young adults ages 18-24 would quit and there would be a 7.4% decrease in youth under 18 that smoke as well.

Please support this bill and support the future of our keiki.

Mahalo,

Leslie Garo

## HB441 HD1 Relating to Cigarette Taxes

As a long-time pediatrician on Kauai concerned with the health of both keiki and adults, I am submitting this testimony in support of HB 441 HD1 with amendments . There is ample research concerning the benefit of increasing cigarette taxes. This bill proposes an increase of \$.40 per cigarette tax, with the proceeds going to the Cancer Research Special Fund. 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 per pack is 7.4%.

I appreciate that the State Legislature is attacking the problem of tobacco use by increasing taxes on cigarettes. This has proven to be quite successful in the past on Kauai. I respectfully suggest that the tax rate be increased to \$1.00 per pack of cigarettes.

Respectfully submitted,  
Linda Weiner, MD  
Kauai

**HB-441-HD-1**

Submitted on: 2/4/2025 6:40:02 PM

Testimony for HED on 2/7/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
April Pacheco	Individual	Oppose	Written Testimony Only

Comments:

Stop the steal. We work hard for our money.

**HB-441-HD-1**

Submitted on: 2/5/2025 8:35:14 AM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kealoha Madriaga	Individual	Support	Written Testimony Only

Comments:

**Testimony in Support of HB441 HD1 with Amendments**

**February 5, 2025**

Aloha Honorable Chair, Vice Chair, and Members of the Committee,

My name is Kealoha Madriaga and I am submitting this testimony in **strong support of HB 441**, with amendments. While the proposed 40-cent increase in the cigarette tax is a step in the right direction, we urge the committee to consider a \$1 increase per pack to maximize public health benefits and revenue impact. Research consistently shows that higher cigarette taxes are one of the most effective ways to reduce tobacco use, especially among youth and young adults. A \$1 increase per pack would lead to:

- 2,400 adults in Hawai‘i quitting smoking
- 100 young adults (ages 18-24) quitting smoking
- A 7.4% decrease in youth under 18 who smoke

These reductions in tobacco use translate directly to lower healthcare costs, fewer smoking-related illnesses, and a healthier future for our keiki and communities.

Beyond public health benefits, a \$1 tax increase per pack would generate an estimated \$11.46 million annually in additional state revenue. These funds could further support cancer research, tobacco prevention programs, and healthcare initiatives to improve the well-being of Hawai‘i residents.

Increasing cigarette taxes is a well-documented, evidence-based strategy that discourages smoking and reduces tobacco-related illnesses. By adopting a \$1 increase per pack, Hawai‘i can strengthen its commitment to public health and continue to lead in tobacco control efforts.

We respectfully urge the committee to amend this bill to reflect a \$1 increase and pass this measure to protect our communities from the harmful effects of tobacco use.

Mahalo for your time and consideration,

Kealoha Madriaga



**HB-441-HD-1**

Submitted on: 2/5/2025 11:02:48 AM

Testimony for HED on 2/7/2025 2:00:00 PM

<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 in the state I support HB441 HD1 with amendments. While an increase of .40 cents is positive , we have seen how increasing the tax to a \$1.00 had a great impact in decreasing the smoking rate here in the state. When asked directly why someone was motivated to quit , often times the response was due to the fact that they could no longer afford to smoke. In addition the \$1.00 increase would increase the projected annual revenue to \$11.46 million.

Thank you

Valerie Smalley

**HB-441-HD-1**

Submitted on: 2/5/2025 11:26:14 AM

Testimony for HED on 2/7/2025 2:00:00 PM

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

Comments:

Aloha,

I'm writing this in support of HB 441 but asking for an increase in the tax amount please. We have not raised the cigarette tax in Hawai'i for a very long time, so please consider raising it by \$1.00 per pack to benefit the health of our people. A tax increase will help offset any revenue lost from the sale of all flavored tobacco products, which should be banned this session as well. And both of these measures would save our state in medical care costs in the long run.

Mahalo nui loa,

Katie Folio

**HB-441-HD-1**

Submitted on: 2/5/2025 4:58:01 PM

Testimony for HED on 2/7/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jake J. Watkins	Individual	Oppose	Written Testimony Only

Comments:

This overtaxing is already destroying that tax base.

It's basic demand-cost economics.

Where is the future money for the Research Center coming from or is it the plan to allow the funding to dry up?

**HB-441-HD-1**

Submitted on: 2/5/2025 9:58:46 PM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Josh Fowler	Individual	Support	Written Testimony Only

Comments:

**SUPPORT**

**Strong Support of HB441 – RELATING TO CIGARETTE TAXES**

**Written Testimony**

My name is Joshua Fowler, and I am a volunteer and advocate with the **American Cancer Society - Cancer Action Network**. I strongly support **HB441**, which increases the cigarette tax and allocates the additional revenue to the **Hawaii Cancer Research Special Fund**.

**Why This Matters:**

- **Public Health Benefits** – Raising the price of tobacco products is **the most effective way to reduce smoking**, especially among youth and low-income individuals. Studies show that every **10% increase in cigarette taxes leads to a 4% decrease in smoking rates**.
- **Funding for Cancer Research** – The **University of Hawai‘i Cancer Center** relies on cigarette tax revenue to fund vital cancer research, but funding has been declining since 2015. This bill ensures **continued progress in cancer treatment and prevention**.
- **Reducing Healthcare Costs** – Smoking-related illnesses cost Hawaii **hundreds of millions in healthcare expenses** each year. Fewer smokers mean **less burden on the healthcare system**.
- **Aligning with Other States** – Many states, including **New York and California**, have **higher cigarette taxes** and have successfully reduced smoking rates. Hawaii should follow suit to maintain its leadership in public health.

**Looking at Other States:**

- **New York** – Increased cigarette taxes led to a **42% decline in adult smoking rates** over two decades.
- **California** – Dedicated tobacco tax revenue has funded **smoking cessation programs, cancer research, and public health initiatives**, resulting in one of the lowest smoking rates in the country.
- **Hawaii’s Opportunity** – By passing HB441, Hawaii can reduce smoking rates, improve public health, and invest in life-saving cancer research.

Thank you for the opportunity to testify. I urge the committee to **support HB441** and help protect the health of Hawaii's residents.

**Mahalo,**  
Joshua Fowler  
Honolulu, Hawaii

**HB-441-HD-1**

Submitted on: 2/6/2025 8:03:46 AM

Testimony for HED on 2/7/2025 2:00:00 PM

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

Comments:

Aloha,

My name is Bryan Mih and I am a parent, pediatrician, and the medical director of the Kapi'olani Smokefree Families Program. For the health of our keiki and their families, it is vitally important to support HB441. This bill increases the cigarette tax by 40 cents, directed to the Cancer Research Special Fund.

The American Academy of Pediatrics strongly supports regulation and taxation of tobacco products to prevent initiation of use, especially by young people.

Nicotine is a highly addictive drug that impacts the adolescent brain, reducing impulse control and affecting mood. Once young people are addicted to nicotine, it is extremely difficult to quit. Many studies have shown that increased cigarette prices lead to fewer youth smokers and decreased health costs overall.

Finally, please consider amending this bill to increase the tax by at least \$1.00 per pack which would provide additional benefits in further reducing youth initiation of smoking.

Please support this important measure with the requested amendment. Mahalo for your consideration.

Sincerely,

Bryan Mih, MD MPH FAAP

Pediatrician

Medical Director, Kapi'olani Smokefree Families

**HB-441-HD-1**

Submitted on: 2/6/2025 11:23:47 AM

Testimony for HED on 2/7/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gerald Morita	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Gerald Morita, and I am a local business owner who has proudly served Hawai'i for the past 14 years. I strongly oppose HB 441 due to its harmful economic consequences and the rise in illegal sales and smuggling that will inevitably follow. With the recent enactment of the 70% vapor tax in 2024, legal retailers are already struggling to compete with unregulated markets. Further restrictions will only drive consumers to illicit sources, increasing the availability of unsafe, untested products while cutting much-needed tax revenue from legitimate businesses that follow the law. Rather than imposing further punitive measures, we should focus on enforcing existing regulations to prevent illegal sales and smuggling.

Beyond the impact on local businesses, HB 441 also threatens Hawai'i's tourism industry. Many visitors seek out legal vapor products during their stay, and overly restrictive policies may influence their travel decisions. Hawai'i already has one of the highest costs of living and doing business, and further limiting access to regulated products could push potential visitors to other destinations where adult consumers have access to their preferred choices. In an industry that relies heavily on tourism dollars, we cannot afford to deter visitors over policies that create more harm than good.

Additionally, this bill places local jobs at risk. Retailers, wholesalers, and distribution networks all depend on the ability to sell regulated products, and HB 441 would force many small businesses to downsize or shut down entirely. This means lost wages, reduced economic activity, and fewer opportunities for workers who rely on this industry. Instead of implementing measures that hurt local businesses and workers, I urge the legislature to consider solutions that balance regulation with economic sustainability. Please oppose HB 441 and protect Hawai'i's small businesses, workers, and tourism industry. Mahalo for your time and consideration.

Sincerely,

Gerald Morita

Cigarettes and Things

**HB-441-HD-1**

Submitted on: 2/6/2025 11:38:07 AM

Testimony for HED on 2/7/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Danny Hwang	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Danny Hwang, and I am a local business owner who has proudly served Hawai‘i for over 20 years. I strongly oppose HB 441 due to the devastating impact it will have on local businesses, the economy, and public safety. With the 70% vapor tax enacted in 2024, legal retailers are already struggling to stay afloat, while illegal sales and smuggling continue to rise. This bill will only worsen the situation by driving more consumers to unregulated markets, where products are untested, unsafe, and easily accessible to youth. Instead of imposing more restrictions on responsible businesses, the state should focus on enforcing existing laws to curb illicit sales and protect consumers.

Furthermore, HB 441 threatens Hawai‘i’s tourism industry, which plays a crucial role in our economy. Many visitors seek out legal vapor products while traveling, and restrictive policies may influence their choice of destination. Hawai‘i already faces high costs and limited consumer options, and further limitations could push potential tourists to other locations where they can access the products they prefer. In a time when we are working to rebuild and strengthen our economy, we cannot afford to implement policies that deter visitors and reduce consumer spending in local businesses.

Most importantly, this bill puts local jobs at risk. As a business owner with over two decades of experience, I have seen firsthand how difficult it is to sustain operations in Hawai‘i. If HB 441 passes, many retailers, wholesalers, and distributors will be forced to downsize or shut down entirely, leading to significant job losses for local workers who depend on this industry. Instead of pushing policies that hurt small businesses and employment, we should be working toward balanced solutions that support economic growth while ensuring public health and safety. I respectfully urge you to oppose HB 441 and stand with local businesses, workers, and Hawai‘i’s economy. Mahalo for your time and consideration.

Danny Hwang

Bevmart

Ewa Pantry

Kakaako Smokes

**HB-441-HD-1**

Submitted on: 2/6/2025 1:37:21 PM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Young Park	Wawa Market	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB 441

Submitted by Young Park, Business Owner, Honolulu, HI

Chair and Members of the Committee,

My name is Young Park, and I am the owner of two small businesses in Honolulu that employ 20 hardworking individuals. I strongly oppose HB 441, which seeks to increase cigarette taxes. As a small business owner already struggling with the financial burden of Hawaii's high cost of living and regulatory pressures, this tax increase would have serious unintended consequences for my employees, customers, and the local economy.

The state's most recent vapor tax increase of 70%, enacted in 2024, has already had a devastating impact on small retailers. Many customers have turned to online or black-market sources, leading to revenue losses for law-abiding businesses. An additional tax increase on cigarettes will only exacerbate this problem, driving more consumers to unregulated markets while doing little to achieve the intended public health goals.

Higher tobacco taxes also disproportionately impact low-income consumers, who are more likely to purchase these products legally from small retailers. Instead of quitting, many will seek cheaper alternatives outside of the regulated marketplace, including illicit sales and purchases from lower-taxed jurisdictions. This not only reduces tax revenue for the state but also increases the risks associated with counterfeit and unregulated products.

For small business owners like myself, these tax hikes directly threaten our ability to stay open and provide jobs. Retailers rely on legal tobacco sales as a key part of their revenue. The decline in sales following the 2024 vapor tax increase has already led to layoffs and closures across the state. Another steep tax hike on cigarettes will only accelerate this trend, harming local businesses while failing to achieve meaningful smoking cessation.

Instead of another tax increase, the state should focus on evidence-based harm reduction strategies, including education and access to safer alternatives. Over-taxation is not the solution, it is a recipe for job losses, increased black-market activity, and declining state revenue.

For these reasons, I urge you to reject HB 441. Thank you for your time and consideration.

Young Park

Honolulu, HI

Small Business Owner

**HB-441-HD-1**

Submitted on: 2/6/2025 1:54:28 PM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ra Long	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair and Members of the Committee,

As a local business owner in Hawai‘i, I strongly oppose HB441 due to its harmful impact on small businesses and the rise in illegal sales and smuggling. The 70% vapor tax enacted in 2024 has already placed a tremendous burden on law-abiding retailers, forcing many customers to seek cheaper, unregulated products from illicit sources. This bill will only worsen the problem by further driving consumers away from legal businesses and into the black market, where products lack safety regulations and quality control. Instead of protecting public health, HB441 will create an environment where dangerous, untested products become more accessible.

Additionally, increasing restrictions and excessive taxation fuel smuggling operations, making enforcement more difficult and undermining the very goals this legislation seeks to achieve. When legitimate businesses can no longer compete, the underground market thrives, leading to a loss in state tax revenue and an increase in unmonitored sales. Law enforcement agencies will face greater challenges in controlling the influx of illegal products, ultimately making the situation more dangerous for consumers. If the state truly wants to reduce youth access and promote safety, it should focus on stronger enforcement against illicit sellers rather than punishing responsible businesses that comply with regulations.

Rather than implementing HB441, lawmakers should reconsider the unintended consequences of excessive taxation and restrictions. A more balanced approach that includes fair regulations and consumer education would be far more effective in addressing public health concerns while allowing legal businesses to operate responsibly. The current 70% vapor tax has already pushed many retailers to the brink, and additional burdens will only lead to more closures, job losses, and an expansion of the illegal market. For these reasons, I urge you to oppose HB441. Mahalo for your time and consideration.

Thank you for your time,  
Ra Long  
Owner, R&K Grocery & Liquor

**LATE**

**HB-441-HD-1**

Submitted on: 2/6/2025 2:25:09 PM

Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jeffery Ko	Kilani Marker	Oppose	Written Testimony Only

Comments:

Chair, Vice Chair, and Members of the Committee,

I am writing to express my strong and urgent opposition to HB 441. As the owner of Kilani Market, I have seen firsthand how excessive taxes on tobacco products hurt small businesses, drive customers to the black market, and fail to achieve their intended goals. If this bill passes, it will only make an already bad situation worse.

**We've Already Seen the Damage—This Will Make It Worse**

Just last year, the state enacted a massive 70% tax increase on vapor products, and the results have been devastating for small businesses like mine. Customers aren't buying from legitimate stores anymore—they're either turning to unregulated sellers or finding ways to get their products from out of state. Raising cigarette taxes even higher will have the same disastrous effect.

**Small Businesses Are at a Breaking Point**

I cannot stress this enough: we cannot absorb another hit. Margins are already razor-thin, and every time taxes go up, it pushes more and more customers away. We're losing business not because people are quitting smoking, but because they're finding cheaper, untaxed alternatives elsewhere. Meanwhile, big retailers and illegal sellers will continue to profit while small, law-abiding businesses suffer.

## Tax Increases Will Fuel the Black Market

Hawaii already has one of the highest cigarette tax rates in the country. Instead of generating more revenue, excessive taxes just push sales underground. Illegal cigarette sales are already a growing problem, and this bill will only make it worse. Every time a new tax is passed, more customers turn to sources that don't follow the rules, don't check IDs, and don't contribute a single cent in taxes.

## Working-Class Consumers Will Suffer the Most

This tax won't just hurt businesses—it will hurt everyday people, especially those who are already struggling to make ends meet. Let's be honest: high cigarette taxes don't make people quit smoking overnight. All they do is make it more expensive for the people who can least afford it. Instead of punishing working-class residents with yet another tax hike, we should be investing in real solutions, like education and smoking cessation programs.

## This Bill Must Be Stopped

The consequences of HB 441 are clear:

- More illegal sales
- More harm to small businesses
- More financial strain on working-class residents
- Less tax revenue in the long run

We saw what happened with the vapor tax increase in 2024—this will be no different. This bill will not work, and it will only do more harm than good.

I urge you—do not pass HB 441. Small businesses like mine cannot afford it, and our communities will suffer because of it.

Thank you for your time and consideration.

Owner, Kilani Market

**LATE**

**HB-441-HD-1**

Submitted on: 2/6/2025 9:02:55 PM

Testimony for HED on 2/7/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry SUPPORT 441 HB RELATING TO CIGARETTE TAXES.

**LATE**

**HB-441-HD-1**

Submitted on: 2/7/2025 11:11:16 AM  
Testimony for HED on 2/7/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Colleen Fox	Individual	Support	Written Testimony Only

Comments:

I am in support of HB441 HD1 Relating to Cigarette Taxes. Taxes are proven method to prevent and reduce smoking. To increase it's effectiveness, the tax should be increased to at least \$1. If it was increased by \$1, research indicates it would result in:

- 2,400 adults quitting
- 100 young adults quitting
- A 7.4% decrease in youth under 18 that smoke.

Additionally, the projected revenue from the increase could support more public health initiatives.

Please support the health of our community and pass HB441 HD1 with an amendment making the tax increase to \$1 a pack.

Mahalo,  
Dr. Colleen Fox  
Maikiki