

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

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 441, H.D. 2, RELATING TO CIGARETTE TAXES.

**BEFORE THE:**

HOUSE COMMITTEE ON FINANCE

**DATE:** Friday, February 21, 2025

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 308

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

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Chair Yamashita 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. 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.

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.

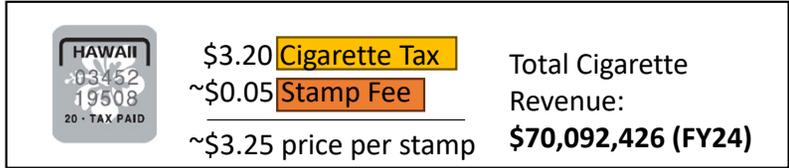
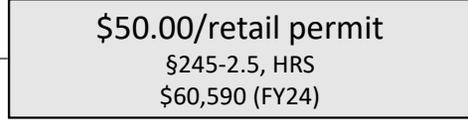
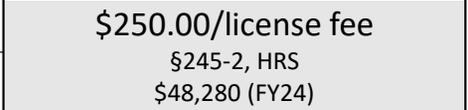
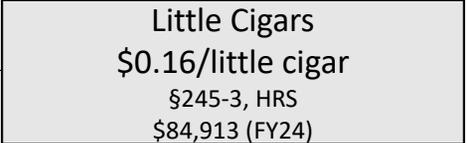
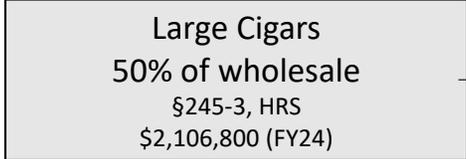
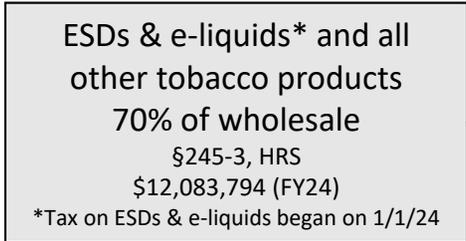
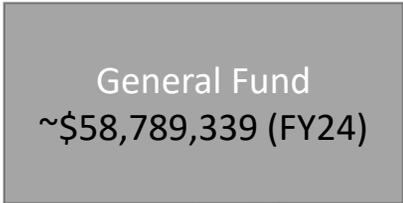
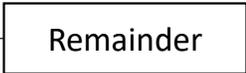
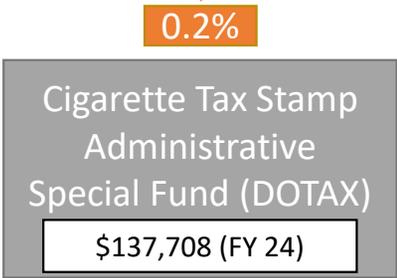
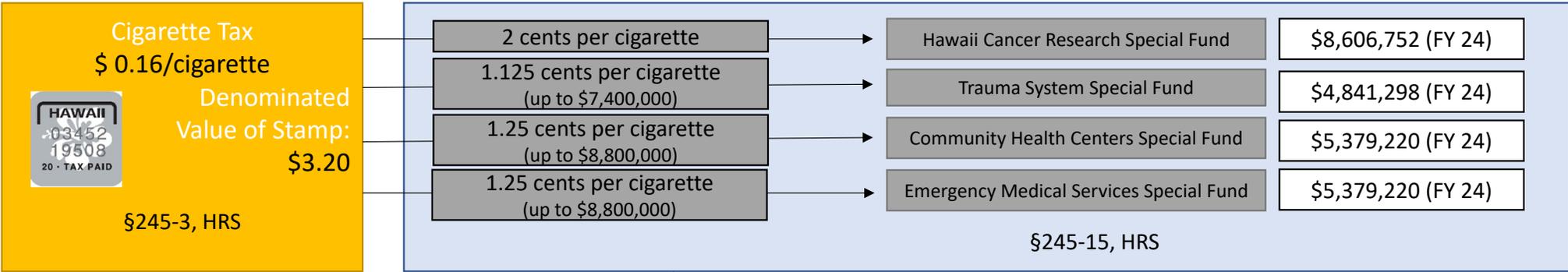
The attached chart demonstrates the flow of the cigarette and tobacco tax and license money.

We respectfully ask that the committee insert the tax increase amount of 18.00 cents on page 4, line 1, and insert the 4.0 cents per cigarette increased amount to be deposited to the credit of the Hawaii Cancer Research Special Fund on page 10, line 11, both as proposed in the original draft of House Bill No. 441. We also recommend reinserting the cents per cigarette amounts and cap amounts deposited to the credit of the Trauma System Special Fund (page 10, lines 16-17), the Community Health Centers Special Fund (page 10, lines 20-21), and Emergency Medical Services Special Fund (page 11, lines 4-5), as currently provided in section 245-15(6)(B), (C), and (D), HRS.

We respectfully urge the Committee to pass this bill or, alternatively, consider House Bill No. 1085 as a viable option. For the implementation of a new tax stamp rate and the effective date, the Department defers to the Department of Taxation.

Thank you for this opportunity to testify.

# CIGARETTE AND TOBACCO TAX AND LICENSE MONEY



JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
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GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 441, H.D. 2, Relating to Cigarette Taxes

**BEFORE THE:**

House Committee on Finance

**DATE:** Friday, February 21, 2025

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 308

Chair Yamashita, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 441, H.D. 2 for your consideration.

H.B. 441, H.D. 2 amends section 245-3(a), Hawaii Revised Statutes (HRS), to increase the cigarette tax to an undetermined amount for each cigarette or little cigar sold after July 1, 2025.

The bill also amends section 245-15, HRS, and the allocations of cigarette tax revenues to the Hawaii Cancer Research Special Fund, Trauma System Special Fund, Community Health Centers Special Fund, and Emergency Medical Services Special Fund.

The measure has a defective effective date of July 1, 3000.

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.



# UNIVERSITY OF HAWAII SYSTEM

## ‘ŌNAEHANA KULANUI O HAWAII

### Legislative Testimony

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

Testimony Presented Before the  
House Committee on Finance  
Friday, February 21, 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 HD2 – RELATING TO CIGARETTE TAXES

Chair Yamashita, Vice Chair Takenouchi, 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 HD2, which, as originally introduced, 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. The 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.

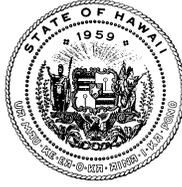
### **Investment in the UH Cancer Center Paves A New Way Forward in Research and Cancer Care**

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. 2  
RELATING TO CIGARETTE TAXES**

REPRESENTATIVE KYLE T. YAMASHITA, CHAIR  
HOUSE COMMITTEE ON FINANCE

Hearing Date: February 21, 2025

Room Number: Conference Room 308 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 2  
6 (H.B. 441, H.D. 2) which would impose an excise tax of an unspecified amount for each cigarette  
7 or little cigar sold, used, or possessed by a wholesaler or dealer on and after July 1, 2025,  
8 whether or not sold at wholesale, or if not sold then at the same rate upon the use by the  
9 wholesaler or 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

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

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

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.<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>

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<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 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. 2 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

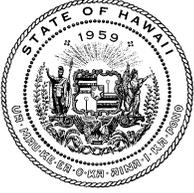
10           Thank you for the opportunity to testify on this measure.

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

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

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



**STATE HEALTH PLANNING  
AND DEVELOPMENT AGENCY**  
DEPARTMENT OF HEALTH - KA 'OIHANA OLAKINO

**JOSH GREEN, M.D.**  
GOVERNOR OF HAWAII  
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII

**KENNETH S. FINK, MD, MGA, MPH**  
DIRECTOR OF HEALTH  
KA LUNA HO'ŌKELE

**JOHN C. (JACK) LEWIN, M.D.**  
ADMINISTRATOR

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1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 [www.shpda.org](http://www.shpda.org)

February 19, 2025

To: HOUSE COMMITTEE ON FINANCE  
Representative Kyle T. Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair,  
And Honorable Members

From: John C (Jack) Lewin MD, Administrator, SHPDA;  
and Senior Advisor to Governor Green On Healthcare Innovation

Re: **HB441, HD2 - Relating to Cigarette Taxes**

Hearing: February 21, 2025 @ 2:00 pm

Position: SUPPORT

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Testimony:

SHPDA fully supports the intent of this bill which increases the tax rates for cigarettes and little cigars to 18.00 cents beginning 1/1/2026, amends the disposition of tax revenues to certain non-general funds starting from fiscal year 2026-2027, with the excess carrying over to the general fund, and expands the tax disposition of tax revenues to the funds to include all tobacco product taxes. Repeals obsolete historical tax rates.

However, SHPDA strongly prefers this to a nearly identical bill, HB 1085 HD1, which raises the tax rates for cigarettes and little cigars to 21.00 cents beginning 1/1/2026

A key part of SHPDA's mission is to promote universal access to high-quality, equitable, and affordable healthcare, which includes using health data to systematically monitor and promote improvements in healthcare outcomes and population health, including advancing disease prevention and promotion of medical research to help support these goals.

Raising cigarette taxes has been demonstrated to reduce rates of smoking, which in turn reduces the incidence of lung cancer, emphysema, heart disease, and various other causes of cancer and chronic illness. That said, we believe the 21.00 cent per cigarette tax increase in HB 1085 HD1 is superior and fully warranted, and that that bill should prevail.

Bottom line: 21 cents will be more beneficial for prevention and treatment than 18 cents!

Mahalo for the opportunity to testify.



## **HB441 HD2 Cigarette Taxes**

COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Jenna Takenouchi, Vice Chair

Friday, Feb 21, 2025: 2:00: Room 308 Videoconference

### **Hawaii Substance Abuse Coalition Supports HB441 HD2:**

*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 and is supportive of any efforts to increase the tax.

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

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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.

**HB-441-HD-2**

Submitted on: 2/19/2025 2:02:45 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
David Cho	Kainehe Market	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB 441

Submitted by David Cho, Hawai'i Retailer

Hearing Date: 02.21.24

Committee: Finance

Chair, Vice Chair and Members of the Committee,

I appreciate the opportunity to submit testimony in strong opposition to HB 441, which seeks to increase the state's tobacco S.E.T. tax. While I understand the intent behind this bill's to reduce smoking and generate revenue it's real-world impact will be the opposite. Instead of discouraging tobacco use or increasing state revenue, HB 441 will drive more sales into the untaxed and unregulated black market, harming law-abiding retailers and undermining the very tax base it aims to strengthen.

As a retailer in Hawai'i, I have witnessed firsthand the consequences of excessive taxation on tobacco products. Over the years, each tax hike has led more consumers to seek out cheaper, illegal alternatives whether through unlicensed sellers, smuggled products, or online sources that do not comply with state tax laws. The result is not only lost revenue for legitimate businesses like mine but also lost tax dollars for the state.

Hawai'i already has some of the highest tobacco taxes in the nation, and continued increases will only exacerbate the problem. When legal products become too expensive, consumers do not simply stop using them; instead, they turn to illicit markets where there are no age restrictions, no health regulations, and no tax contributions to the state. This dynamic has been observed in other jurisdictions with extreme tobacco taxation, where black market sales thrive at the expense of public health and economic stability.

Rather than imposing another tax increase that will drive consumers away from legal channels, I urge this committee to focus on enforcement against illegal sales and to support policies that maintain a fair and sustainable tax structure. Small businesses like mine are already struggling with high operating costs, and additional taxation will push many retailers to the brink resulting in store closures, job losses, and even further declines in taxable sales.

For these reasons, I strongly oppose HB 441 and urge the committee to reject this harmful measure. Thank you for your time and consideration.

Respectfully submitted,

David Cho

Hawai'i Retailer

**HB-441-HD-2**

Submitted on: 2/19/2025 3:58:05 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeffery Ko	Kilani Market	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB 441

Submitted by Jeffery Ko, Local Business Owner

Hearing Date: 2.21.25

Committee: Finance

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

I appreciate the opportunity to submit testimony in strong opposition to HB 441, which proposes yet another increase in the cigarette tax. While this bill may be well-intended, the reality is that it will do more harm than good—driving legal sales into the untaxed black market, reducing state tax revenues, and ultimately destroying the tax base that Hawaii relies on.

As a local business owner, I have seen how excessive taxation on cigarettes does not stop consumers from purchasing these products; it simply shifts their buying habits to illegal sources. Every time the state raises taxes on cigarettes, more customers turn to unregulated, untaxed sellers who operate outside the law. These illegal markets do not follow age restrictions, do not contribute to public health initiatives, and do not generate any tax revenue for the state.

The unintended consequence of HB 441 will be a decline in legally taxed sales, leading to significant tax deficits. The state cannot expect to keep increasing cigarette taxes without facing diminishing returns. When legal sales drop due to inflated prices, small businesses like mine suffer, but so does the state’s ability to collect revenue. This has already been seen in other areas

where high tobacco taxes have led to increased smuggling and illicit sales, rather than a meaningful reduction in smoking rates.

Hawaii's small businesses are already struggling with rising costs, and this bill would only add to the burden. When customers take their business to the black market, legitimate retailers lose revenue, jobs are put at risk, and local economies suffer. This tax increase is not a sustainable solution—it is a policy that will push consumers away from legal purchases, ultimately undermining the very tax base that funds essential state programs.

For these reasons, I strongly urge you to oppose HB 441. Instead of implementing policies that will cripple local businesses and drive more sales into illegal markets, the state should focus on enforcing existing tax laws and ensuring that revenue streams remain stable. Thank you for your time and consideration.

Respectfully submitted,

Jeffery Ko

Local Business Owner

Friday, February 21, 2025; 2:00 PM  
Conference Room 308 & Video Conference

**House Committee on Finance**

To: Representative Kyle Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair

From: Ray Vara  
President & CEO

**Re: Testimony in Support of HB 441, HD2  
Relating To Cigarette Taxes**

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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, HD2** which amends the cigarette tax 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.



## **HB441\_HD2 Cigarette Taxes**

HOUSE COMMITTEE ON FINANCE

Rep. Kyle T. Yamashita, Chair

Rep. Jenna Takenouchi, Vice Chair

Friday, Feb 21, 2025: 2:00: CR308 and videoconference

### **Hina Mauka Supports HB441\_HD2:**

*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 COPD Coalition

P O Box 240053

Honolulu, HI 96824

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

(808)699-9839

February 19, 2025

Honorable Chair Representative Kyle Yamashita  
Honorable Vice-Chair Representative Jenna Takenouchi  
Members of the House Finance Committee

RE: **Support for HB441, HD2 Relating to Cigarette Taxes, with Amendment**

Dear Chair Yamashita, Vice Chair Takenouchi and members of the House Finance Committee,

This measure is extremely critical to the health of the children of our state and our entire state as well. **Please pass HB441, HD2, which would raise the cigarette tax but AMEND the tax so that is increased at least \$1 per pack of cigarettes instead of \$.40.** This will help discourage youth use and will use the money collected from the increase for the Cancer Research Fund. Increasing the cigarette tax by at least \$1 will result in 2,400 adults who currently smoke would quit, 100 young adults aged 18-24 would quit and there would be a 7.4% decrease in youth under 18 smoking. ***In addition, the projected annual revenue from increasing the cigarette tax by \$1.00 per pack would raise \$11.46 million!***

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

Research shows conclusively that significant price increases reduce tobacco use among youth. Please help protect the lungs and lives of our children from cigarettes. We urge you to please **vote in favor of HB441, HD2 WITH RECOMMENDED AMENDMENT and pass it out of committee so our keiki and community will be protected via higher tobacco taxes.** The Hawaii COPD Coalition thanks you very much for your careful consideration of this most important and timely bill.

Very truly yours,

*Valerie Chang*

Valerie Chang

Executive Director



Date: February 19, 2025

To: Rep. Kyle T. Yamashita, Chair  
Rep. Jenna Takenouchi, Vice Chair  
Members of the House Committee on Finance

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

Re: **Support with Amendments for HB 441 HD2, Relating to Cigarette Taxes**

Dear Chair Yamashita Garrett and Vice Chair Takenouchi,

The Campaign for Tobacco-Free Kids & the Tobacco-Free Kids Action Fund support 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 HD2.**

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



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

## Memorandum

**Date:** February 20, 2025

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

**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.

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

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

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



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Kyle T. Yamashita, Chair  
The Honorable Jenna Takenouchi, Vice Chair  
Members, House Committee on Finance

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

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

Date: February 21, 2025

Re: Support for HB441 HD2: Relating to Cigarette Taxes

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

Queen's appreciates the opportunity to provide testimony in support of HB441 HD2, 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.*

# 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 2

INTRODUCED BY: House Committee on Higher Education

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 (unspecified) 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, earmarks on the tobacco tax per cigarette after June 30, 2025 to unspecified amounts to the credit of the Hawaii Cancer Research special fund, Trauma System special fund, Community Health Centers special fund, and Emergency Medical Services special fund.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: This bill, firstly, contains too many blanks to enable proper vetting.

Next, 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.

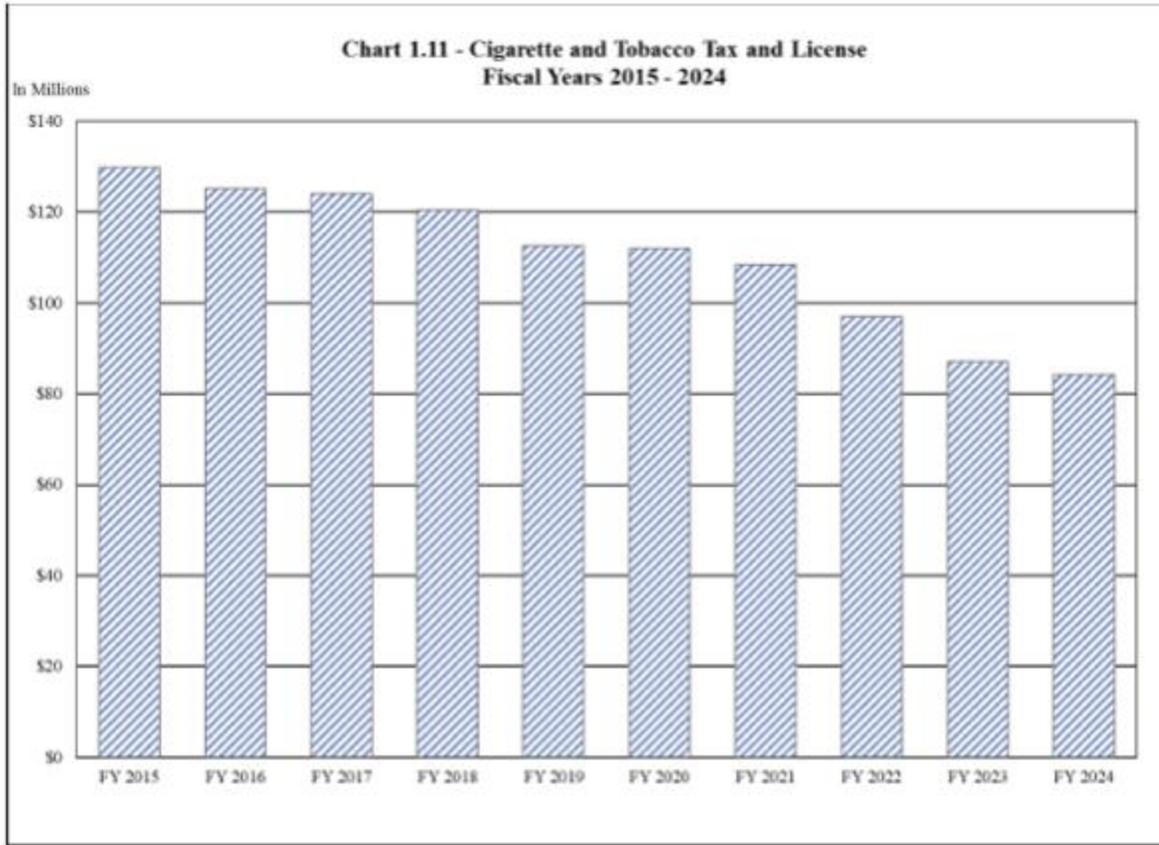
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers 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: 2/19/2025



## HIPHI Board

May Okihiro, MD, MS  
Chair

John A. Burns School of Medicine,  
Department of Pediatrics

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Secretary

State of Hawai'i, Deputy Public Defender

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Misty Pacheco, DrPH  
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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 20, 2025

To: Representative Kyle T. Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair  
Members of the House Committee on Finance

RE: Strong Support for HB 441 HD2, Relating to Health

Hrg: Friday, February 21, 2025 at 2:00 PM, Room 308

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The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute,<sup>1</sup> is in **support of HB 441 HD2 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 HD2 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 the first name "Kevin" being more prominent than the last name "Ramirez".

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

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<sup>1</sup> The Coalition for a Tobacco-Free Hawai'i (Coalition) is a program of the Hawai'i Public Health Institute (HIPHI) that is dedicated to reducing tobacco use through education, policy, and advocacy. With more than two decades of history in Hawai'i, the Coalition has led several campaigns on enacting smoke-free environments, including being the first state in the nation to prohibit the sale of tobacco and electronic smoking devices to purchasers under 21 years of age.

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

<sup>3</sup> Centers for Disease Control and Prevention. (2023, May 4). *Burden of cigarette use in the U.S.* Centers for Disease Control and Prevention.  
<https://www.cdc.gov/tobacco/campaign/tips/resources/data/cigarette-smoking-in-united-states.html>



3 *The toll of tobacco in Hawaii*. Campaign for Tobacco-Free Kids. (2024, August 16).  
<https://www.tobaccofreekids.org/problem/toll-us/hawaii>

4 Hawaii Health Matters. (2024, February). *Hawaii health matters*. Hawaii Health Matters :: Indicators :: Adults Who Smoke Cigarettes :: State : Hawaii.  
<https://www.hawaiihealthmatters.org/indicators/index/view?indicatorId=8&localeId=14&localeChartIdxs=116>

5 Hawaii Health Matters. (n.d.). *Hawaii health matters*. Hawaii Health Matters :: Indicators :: Teens Who Smoke Cigarettes :: State : Hawaii.  
<https://www.hawaiihealthmatters.org/?module=indicators&controller=index&action=view&comparisonId=&indicatorId=2584&localeTypeId=1&localeId=14&periodId=244>

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

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

**HB-441-HD-2**

Submitted on: 2/20/2025 11:12:08 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Landon Yamamoto	Bionic Petroleum	Oppose	Written Testimony Only

Comments:

Chair and members of the committee, my name is Landon Yamamoto and I strongly oppose HB 441 which seeks to increase the tax on cigarettes. While this proposal may be intended to reduce smoking rates, it unfairly targets low-income individuals who are least able to afford the added financial burden.

Cigarette taxes are regressive, meaning they disproportionately impact those with lower incomes, forcing them to pay a larger share of their earnings toward taxes. Instead of encouraging cessation, excessive taxation often pushes smokers toward cheaper, unregulated alternatives or out-of-state purchases, reducing the expected revenue while doing little to address public health concerns.

Additionally, this tax hike would have serious economic consequences for small businesses, particularly convenience stores that rely on tobacco sales for a significant portion of their income. When cigarette prices rise due to taxation, many consumers turn to the black market or online sellers, which not only hurts local businesses but also reduces legitimate tax revenue.

Furthermore, higher cigarette taxes have historically led to increased smuggling and illegal sales, creating enforcement challenges and public safety concerns. If the goal is to reduce smoking, a better approach would be investing in cessation programs and education rather than imposing a tax that disproportionately harms working-class individuals and small businesses. For these reasons, I urge you to vote NO on HB 441.

Thank you for your time and consideration.

Landon Yamamoto



Committee on Finance  
Rep. Kyle Yamashita, Chair  
Rep. Jenna Takenouchi, Vice Chair

Hearing Date: Friday, February 21, 2025

**ACS CAN SUPPORTS WITH AMENDMENTS HB 441 HD2 – 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 HD2: 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. The cigarette tax has not increased since 2011. This would allow additional funding for the UH Cancer Center while improving the health of our state by reducing tobacco use.

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



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

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

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

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

Projected Public Health Benefits for Hawaii from the Cigarette Tax Rate Increase	
<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>.***

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

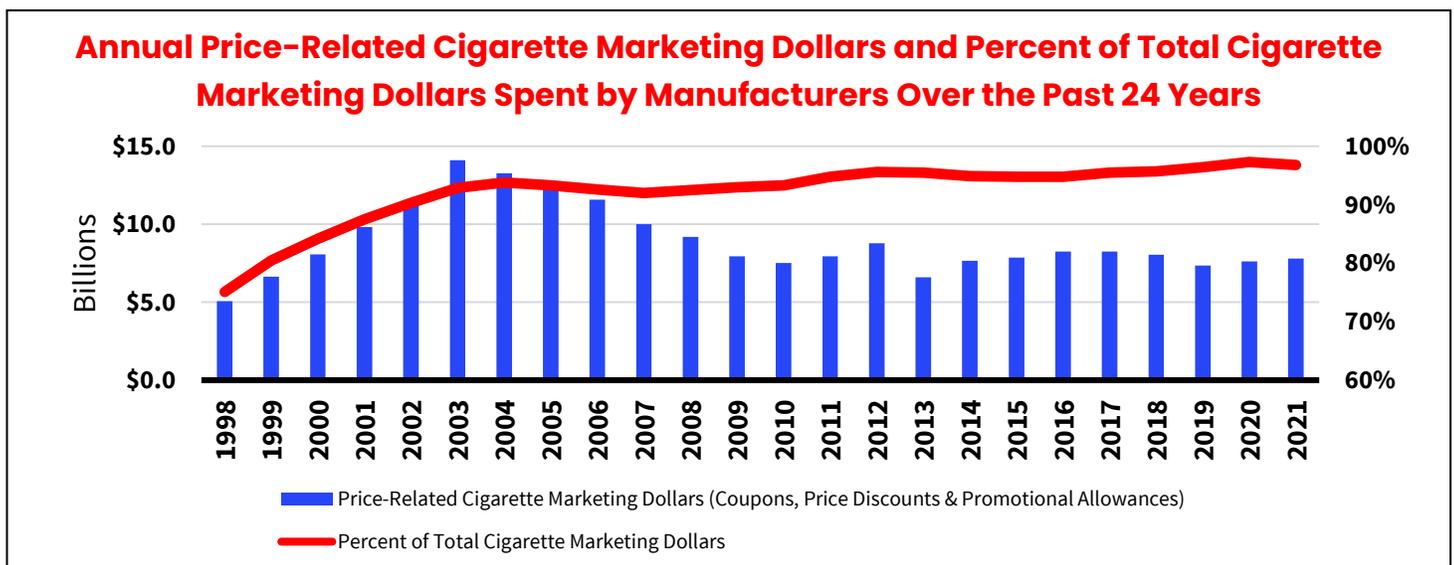
The American Cancer Society Cancer Action Network (ACS CAN) supports a comprehensive approach to tobacco control that includes significantly increasing excise taxes on all forms of tobacco. Regular, significant excise tax increases of \$1.00 or more per pack of cigarettes are one of the most effective 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>



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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.

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Updated 7.07.23

**HB-441-HD-2**

Submitted on: 2/20/2025 11:27:24 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Grace Sakanashi	China Town Liquor	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB 441 – Increase on Cigarette Tax

My name is Grace Sakanashi, owner of Chinatown Liquor. I am in strong opposition to HB441, which proposes yet another increase in the cigarette tax. While I understand the intent behind this bill, the reality is that increasing the tax on cigarettes will disproportionately hurt low-income individuals, encourage black-market sales, and ultimately fail to deliver the promised public health benefits.

The majority of smokers come from lower-income backgrounds, meaning this increase is essentially a regressive tax that unfairly targets those who are already struggling financially. Instead of helping people quit, it simply adds another financial burden to those who can least afford it.

Second, we've seen time and again that when cigarette taxes become excessive, smuggling and illegal sales rise. Higher prices don't stop demand—they just push consumers toward unregulated, untaxed alternatives, which can be even more harmful and deprive the state of expected revenue. This was the case in states like New York, where high taxes led to rampant cigarette smuggling.

Lastly, while this bill claims to support public health initiatives, history shows that cigarette tax revenues often don't go where they're promised. Too often, these funds are diverted into general budgets, leaving smoking cessation programs underfunded while taxpayers continue to shoulder the financial burden.

If we truly want to help people quit smoking, let's invest in education and accessible cessation programs—not punitive taxes that create more harm than good.

For these reasons, I urge you to vote NO on HB 441 Thank you for your time.

Grace Sakanashi

Chinatown Liquor

**HB-441-HD-2**

Submitted on: 2/20/2025 11:29:40 AM

Testimony for FIN on 2/21/2025 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.

**HB-441-HD-2**

Submitted on: 2/20/2025 11:40:38 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Travis Yoshinaga	Marukin Market	Oppose	Written Testimony Only

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. Hawai‘i 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, Hawai'i 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



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
FEBRUARY 21, 2025  
HB 441 HD2 RELATING TO CIGARETTE TAX**

Aloha, Chair Yamashita and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii.

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

We OPPOSE HB 441 HD 2 Relating to Cigarette Taxes. This measure beginning 7/1/2025, amends 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; and is effective 7/1/3000.

While the intent of supporting cancer research is commendable, this proposed measure raises significant concerns.

**This would place an economic harm to many of our small local businesses.** Increasing the cigarette tax places a disproportionate burden on small retailers, who are already struggling with competing prices and maintain sales to sustain their operations and keep their doors open. For businesses already grappling with Hawaii's high costs, this increase threatens their viability, potentially leading to job losses and closures in an already fragile economic climate. **We would also see more people purchasing these products on military bases or having friends and family purchasing it for them.**

**A higher cigarette tax will also encourage shoplifting and a rise in the illicit black market.** The higher price of these types of goods would only make it more attractive to shoplift. We have seen a significant spike in theft of tobacco and vape products. Excessive tax hikes also create a financial incentive for black-market sales, smuggling, and counterfeit products. This undermines legitimate retailers and reduces the state's overall tax revenue, defeating the purpose of the proposed increase.

In addition, there is a regressive financial impact on consumers. Cigarette taxes disproportionately affect low-income individuals, who bear the brunt of these increases. Raising the tax further deepens financial inequities for Hawaii residents already struggling to afford basic necessities in one of the most expensive states in the nation.

**Furthermore, an increase in the cigarette tax is an unstable revenue source for cancer research.** Cigarette consumption has been steadily declining due to increased awareness and existing tax measures. Tying funding for critical research to an unstable revenue source creates long-term financial uncertainty for the Hawai'i Cancer Research Special Fund. Alternative, more sustainable funding mechanisms should be considered for this or any other special fund.

By raising the cigarette tax, it is a misguided approach to funding health initiatives. **While addressing cancer is important, it is inappropriate to rely on taxes that disproportionately impacts specific populations.** Broader-based funding methods would ensure equity and stability without creating unintended negative consequences.

We recommend exploring more equitable and sustainable funding strategies that do not place undue burdens on businesses and low-income residents or encourage illicit market activity.

We urge you to hold this measure. Mahalo again for this opportunity to testify.

**HB-441-HD-2**

Submitted on: 2/20/2025 11:53:16 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Michelle Jordan	Discount Smoke Shop Hawaii	Oppose	Remotely Via Zoom

Comments:

Chair, Vice Chair, and Members of the Committee,

I appreciate the opportunity to submit testimony in strong opposition to HB441. My name is Michelle Jordan, and I am a representative of Discount Smoke Shop Hawai‘i, a business that has been serving our community by providing affordable tobacco and nicotine products to responsible adult consumers.

HB441 , which seeks to impose further restrictions on tobacco sales, will disproportionately harm low-income individuals who already face significant financial challenges. Many of our customers are working-class residents who rely on affordable alternatives rather than being forced into higher-priced options that may be out of their reach. By increasing costs or limiting availability, this bill does not eliminate demand, it simply shifts purchases to less regulated, potentially unsafe sources, including black market sales or online vendors that do not adhere to the same standards as local businesses.

Moreover, this bill will have an adverse economic impact on small businesses like ours. We provide employment opportunities and contribute to the local economy through tax revenue and community support. The restrictions outlined in HB441 would force many small retailers to either drastically reduce their inventory or close their doors altogether, resulting in job losses and economic strain.

Rather than punitive legislation that targets adult consumers making legal purchasing decisions, I urge the committee to consider more balanced approaches that focus on education and harm reduction. Policies that support smoking cessation programs, public awareness campaigns, and responsible retailing are far more effective than heavy-handed restrictions that unfairly burden low-income individuals.

For these reasons, I respectfully urge the committee to vote against HB441 Thank you for your time and consideration.

Sincerely,

Michelle Jordan

Representative, Discount Smoke Shop Hawai‘i





## 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 FINANCE  
Representative Kyle T Yamashita, Chair  
Representative Jenna Takenouchi, Vice Chair

Date: February 21, 2025  
From: Hawaii Medical Association (HMA)  
Jerald Garcia MD - Chair, HMA Public Policy Committee

**RE HB 441 HD2 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

**HB-441-HD-2**

Submitted on: 2/20/2025 12:20:46 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Richard Lee	KCL Aloha Pacific Inc.	Oppose	Written Testimony Only

Comments:

Dear Committee Members,

I hope this letter finds you well. My name is Richard Lee, and I have been a proud small business owner in our community for over [number] years. During this time, my business, KCL Aloha Pacific, has had the privilege of serving and supporting our neighborhood, building relationships, and contributing to the local economy.

I am writing to you to express my strong opposition to HB 441. As someone deeply invested in the success and well-being of our community, I am concerned about the potential negative impacts this bill could have on small businesses like mine.

Small businesses are not just commercial entities; they are the backbone of our local economy, and they provide essential services and resources to our community members. We take pride in offering personalized services, creating jobs, and fostering a sense of community. HB 441 poses significant challenges that could threaten the very existence of these businesses.

The requirements proposed in HB 441 are not only burdensome but also costly. Many small businesses operate on very tight margins and cannot afford additional expenses without sacrificing the quality of services or passing on costs to consumers, which could result in losing business to larger competitors.

I urge you to consider the broader implications of HB 441 on small businesses and the community at large. Policies should aim to support and uplift small businesses rather than hinder them. Let us work together to find solutions that will ensure the prosperity and sustainability of our local businesses.

Thank you for your attention to this matter.

Warm regards,

Richard Lee

Owner, KCL Aloha Pacific



**HB-441-HD-2**

Submitted on: 2/20/2025 1:05:47 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Hee Nam Hwang	No. 1 Store	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB 441

Submitted by: Hee Nam Hwang, Owner, No. 1 Store

Chair, Vice Chair, and Members of the Committee.

My name is Hee Nam Hwang, and I am the owner of No. 1 Store, a small, locally owned business that has been serving our community in Hawai'i for over 20 years. I am submitting this testimony in strong opposition to HB 441.

As a small business owner, I have seen firsthand the impact of previous cigarette tax increases. Each time the tax goes up, my sales decline, and more customers seek alternative sources, including purchasing online, from military bases, or even through illegal means. This not only hurts my business but also reduces the very tax revenue the state is trying to increase.

Hawai'i already has one of the highest cigarette taxes in the nation. Another increase will disproportionately burden small, family-owned stores like mine while driving more consumers to unregulated markets. Many of my customers are working-class individuals who will be affected by this added financial strain. The state should focus on enforcing existing laws against illicit sales rather than penalizing small, law-abiding retailers.

The continued rise in cigarette taxes has also led to a noticeable decline in foot traffic in my store. When customers stop buying cigarettes from legal retailers, they also stop purchasing other essential items, further hurting my ability to stay in business. The economic consequences of HB 441 will be felt not only by small businesses like mine but also by the employees and families who rely on them.

I urge you to reject HB 441 and consider the harmful consequences this tax increase will have on small businesses, state tax revenue, and consumers. Thank you for your time and consideration.

Respectfully submitted,

Hee Nam Hwang

Owner, No. 1 Store

**HB-441-HD-2**

Submitted on: 2/20/2025 1:20:25 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Meiyun He	S&K wholesale	Oppose	In Person

Comments:

Opposing Hawaii HB441

Firstly, Hawaii is known for its high cost of living, with factors such as expensive housing, transportation, and groceries. Adding a tax on electronic smoking devices would further increase the financial burden on individuals and families. The cost of e-cigarettes and vaping products would rise, making it more difficult for those who rely on these products as an alternative to traditional smoking to afford them. This tax increase could disproportionately affect lower-income individuals and families, potentially pushing them back towards more harmful tobacco products.

Secondly, it is important to consider the potential regressive nature of the tax. Regressive taxes tend to have a greater impact on lower-income individuals, as they consume a larger portion of their income. In a state like Hawaii, where income disparities are already significant, implementing a tax on electronic smoking devices could exacerbate these inequalities. It is crucial to consider the potential social and economic consequences of imposing a tax that may disproportionately burden those who are already struggling to make ends meet.

In conclusion, opposing Hawaii HB441 can be based on the burden of a tax increase in a state where the cost of living is already high. It is important to consider the potential financial strain on individuals and families, particularly those with lower incomes. Alternative approaches that focus on education and awareness, rather than imposing a tax, may be more effective in addressing the concerns surrounding e-cigarettes without further burdening the residents of Hawaii.

**Testimony before the Hawaii House Committee on Finance  
Regarding Increasing the Tax on Combustible Cigarettes  
Lindsey Stroud, Senior Fellow  
Taxpayers Protection Alliance  
February 21, 2025**

Chairman Yamashita, Vice-Chair Takenouchi, and Members of the Committee on Finance:

Thank you for your time today to discuss increasing that state excise tax rate on combustible cigarettes to fund various healthcare funds in the Aloha State. My name is Lindsey Stroud and I'm a Senior Fellow at the Taxpayers Protection Alliance (TPA). TPA is a non-profit, non-partisan organization dedicated to educating the public through the research, analysis, and dissemination of information on the government's effects on the economy.

Policymakers should refrain from relying on revenue generated by state cigarette excise taxes, as cigarette tax revenue has declined due to declines in smoking rates. Moreover, such policies are regressive, as lower income and lower educated persons are more likely to smoke and will be disproportionately harmed by increased taxes. Rather than increasing the existing cigarette tax rate, policymakers should focus on policies that can reduce those costs associated with smoking, including robust funding for tobacco control policies, and embracing less harmful alternatives to smoking, which are associated with declines in cigarette use in Hawaii.

**Key Points:**

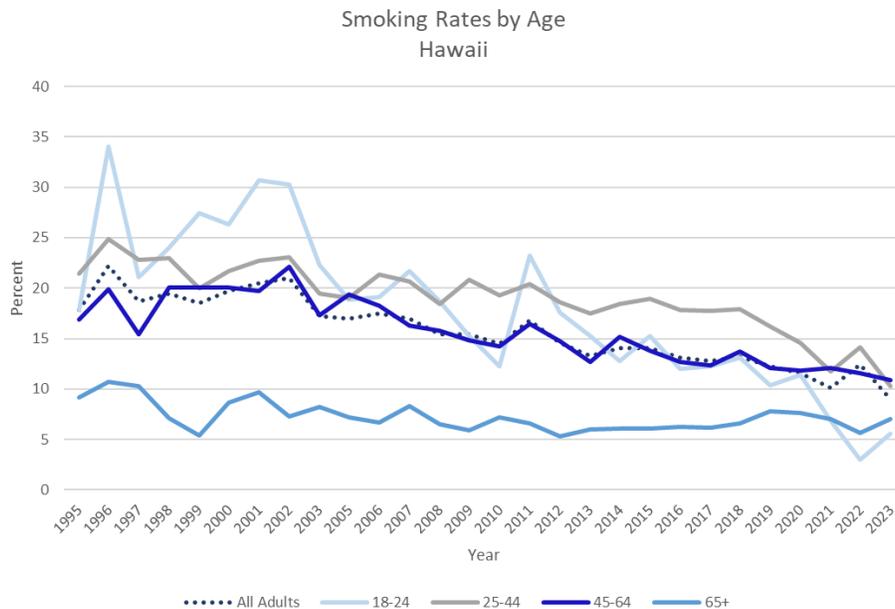
- Adult smoking rates are at record lows in Hawaii, with only 9 percent of Hawaiians aged 18 years or older smoking in 2023. This was a 47.7 percent decline from 2003, when 17.2 percent of adults were smoking.
- Only 5.6 percent of Hawaiian adults aged 18 to 24 years old were smoking in 2023.
- In Hawaii, lower-income and less-educated adults were more likely to smoke than adults with high income and college degrees.
- Adults earning \$25,000 or less were three times more likely to smoke than adults earning \$50,000 or more. Adults lacking a high school diploma or equivalent were 3.8 times more like to smoke than college graduates.
- Adult e-cigarette use has and continues to increase.
- In 2023, 10.1 percent of adults were currently using e-cigarettes, which was a 14.8 percent increase from 2022, and 134.9 percent increase from 2016.
- In 2023, there were 12.5 times more adults vaping than smoking.

- The introduction of e-cigarettes correlates with decreases in adult smoking rates in Hawaii. Between 2016 and 2023, the percentage of Hawaiian adults who were smoking decreased by 31.3 percent.
- Adults earning \$25,000 or less were 1.7 times more likely to vape than adults earning \$50,000 or more. Adults lacking a high school diploma or equivalent were 3.1 times more like to smoke than college graduates.
- Youth use of combustible cigarettes is at record lows. In 2023, only 12.1 percent of Hawaiian high school students had ever tried a combustible cigarette, while 3 percent reported past-month use. The same year, only 6.3 percent of Hawaii middle school students had tried a cigarette, and 2.4 percent reported past-month use.
- Between 2019 and 2023, past-month use of e-cigarettes decreased among high school students by 56.9 percent, while daily use decreased by 41.8 percent.
- Among middle school students, during the same period, past-month use of e-cigarettes decreased by 65.7 percent, while frequent use of e-cigarettes decreased by 73.3 percent.
- In 2015, the poorest 20 percent of Americans spent 0.8 percent of their income on cigarette taxes, while the wealthiest 1 percent spent less than 0.1 percent.
- Cigarette tax revenue in Hawaii has significantly decreased over the past 20 years, with 2023 collections (\$76.8 million) being 43.4 percent lower than the peak in 2011 (\$135.6 million).
- While previous tax hikes (2006–2011) temporarily boosted revenue, the gains were not sustained, with collections declining annually since 2012.
- Hawaii collected more than \$3.1 billion in tobacco-related revenue from 2003 to 2023. Only 5.4 percent (\$168.6 million) was spent on tobacco control programs during this period.
- In 2023, Hawaii spent just \$7.6 million on cessation and prevention, despite collecting \$117.7 million in tobacco-related revenue.
- Tobacco harm reduction products including e-cigarettes, heated tobacco products, nicotine pouches, and snus can help adults quit smoking and reduce smoking-related health cares.

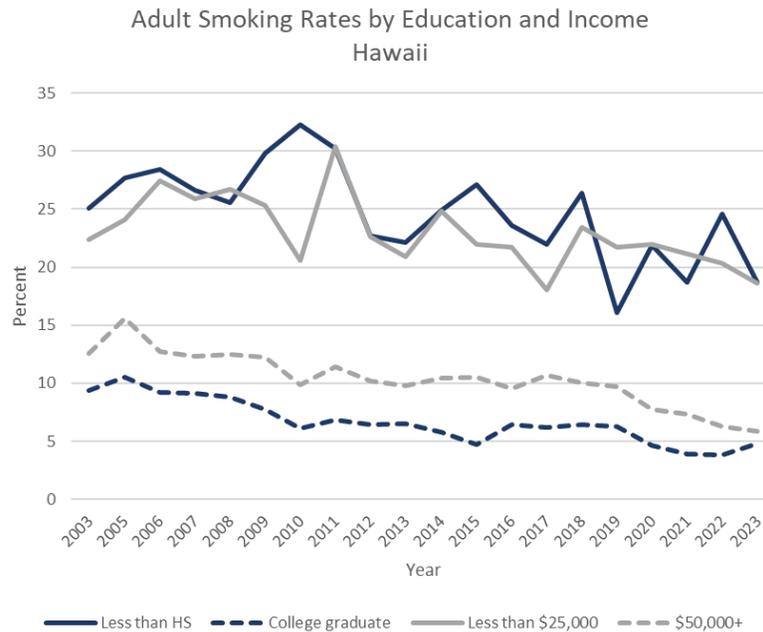
### **Cigarette Use Among Hawaiian Adults**

Similar to other states and nationwide survey data, the percentage of adults who smoke combustible cigarettes are at record lows in the Aloha State. In 2023, according to data from the Centers for Disease Control and Prevention (CDC) Behavioral Risk Factor Surveillance System (CDC BRFSS) survey, 9 percent of adults aged 18 years or older were currently smoking, while 5.7 percent of adults reported daily smoking rates.<sup>1</sup> Between 2003 and 2023, smoking rates among Hawaii adults decreased by 47.7 percent, from 17.2 percent of adults smoking in 2003, to less than one in ten in 2023.

Among young adults aged 18 to 24 years old, smoking rates are at some of their lowest levels recorded. In 2023, only 5.6 percent of Hawaii young adults were currently smoking. This is a whopping 74.9 percent decline from 2003, when more than one-fifth (22.3 percent) reported current combustible cigarette use.



In Hawaii, lower-income and less-educated adults were more likely to smoke than adults with high income and college degrees. In 2023, 18.7 percent of adults who had earned less than \$25,000 a year reported current cigarette use, compared to only 5.9 percent of adults who reported incomes of \$50,000 or more. Among adults who did not graduate high school or obtain a G.E.D., 18.7 percent reported current cigarette used compared to only 4.8 percent of college graduates. Smoking rates have declined at greater rates among higher-income and more-educated adults. Between 2003 and 2023, smoking rates among Hawaii adults earning less than \$25,000 a year declined by only 16.6 percent, compared to a 53.4 percent decrease among adults earning \$50,000 or more. Among adults with less than a high school diploma, smoking rates decreased by 25.5 percent between 2003 and 2023, compared to 48.9 percent reduction among college graduates.



While adult cigarette use continues to decline in the Aloha State, use of e-cigarettes has increased since 2016. In 2023, 10.1 percent of Hawaii adults aged 18 years or older were currently using vapor products, which was a 14.8 percent increase from 2022, but a significant 134.9 percent increase from 2016 (the first year with national CDC BRFSS data on e-cigarette use), when 4.3 percent of Hawaii adults reported using e-cigarettes.

The introduction of e-cigarettes in Hawaii correlates with reduced rates in smoking among all adults, but especially among young adults. Between 2016 and 2023, vaping rates increased by 134.9 percent among all adults, while smoking rates decreased by 31.3 percent. Among young adults aged 18 to 24 years old, vaping rates increased by 129.6 percent, while smoking rates dropped by 53.3 percent.

Similar to smoking rates, lower income and less educated adults were more likely to vape in Hawaii. In 2023, 12.9 percent of adults who earned incomes of \$25,000 or less per year were current e-cigarette users, compared to only 7.8 percent of adults earning \$50,000 or more. Among adults who did not earn a high school diploma or G.E.D., 14 percent were currently vaping compared to 4.5 percent of college graduates.

With record lows in adult combustible cigarette use, correlating with increases in e-cigarette use, policymakers must recognize the efficacy in tobacco harm reduction products such as vapor products in reducing smoking rates among Hawaii adults.

### Youth Cigarette and E-Cigarette Use

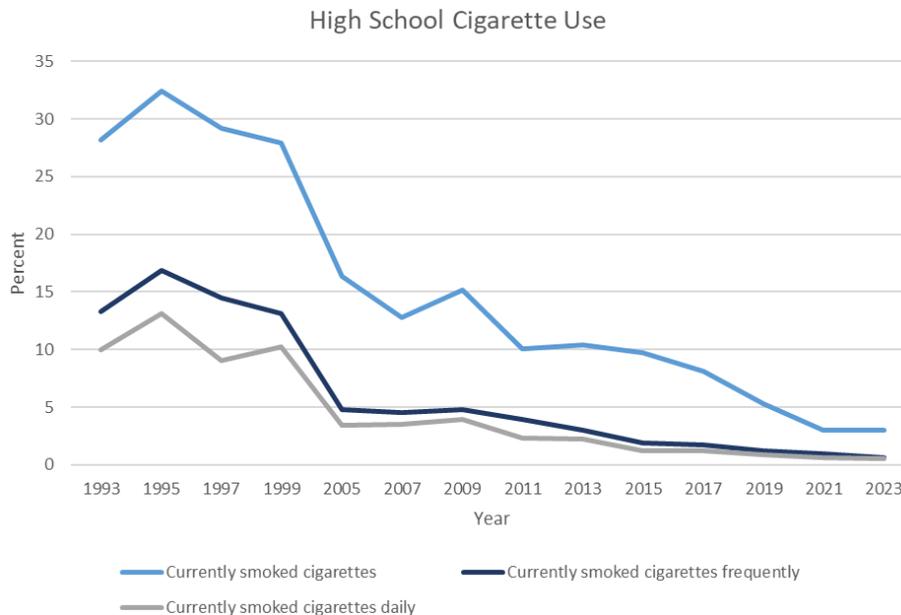
Youth use of cigarettes is at record lows in the Aloha State, while youth use of vapor products has significantly declined since peaking in 2019.

According to the Youth Risk Behavior Survey, among Hawaii high school students, in 2023:

- 12.1 percent had ever tried a combustible cigarette
- 3 percent reported past-month cigarette use
- 0.6 percent were currently smoking cigarettes frequently (20 or mor days)
- 0.5 percent were currently smoking cigarettes daily

Between 1993 and 2023, among high school students:

- Frequent use of cigarettes decreased by 95.5 percent
- Daily use of cigarettes declined by 95 percent
- Past-month use of cigarettes declined by 89.4 percent
- Ever-use of cigarettes decreased by 81.5 percent

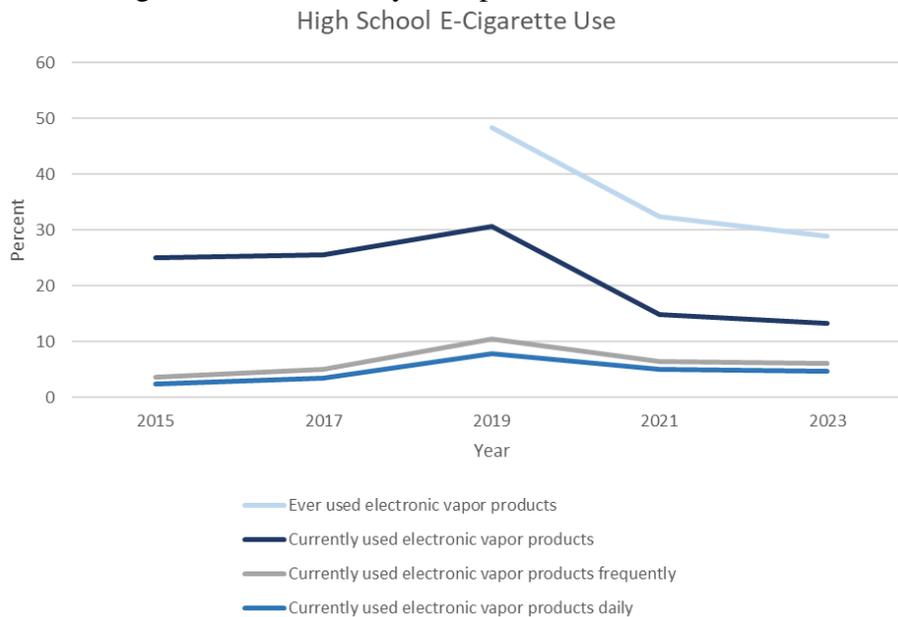


Among Hawaii high school students, in 2023:

- 28.8 percent had ever tried an e-cigarette
- 13.2 percent were currently using e-cigarettes
- 6 percent reported frequent e-cigarette use
- 4.6 percent reported using e-cigarettes daily

Between 2019 and 2023, among high school students:

- Current use of e-cigarettes decreased by 56.9 percent
- Frequent use of e-cigarettes declined by 42.3 percent
- Daily use of e-cigarettes was down by 41.8 percent
- Ever-use of e-cigarettes decreased by 40.4 percent

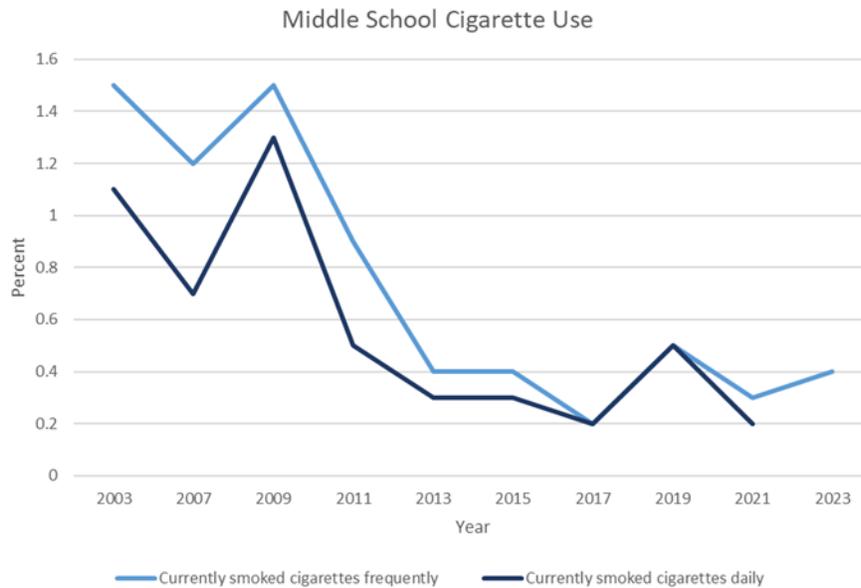


Among Hawaii middle school students, in 2023:

- 6.3 percent had ever tried a combustible cigarette
- 2.4 percent reported past-month cigarette use
- 0.4 percent were currently smoking cigarettes frequently (20 or more days)

Between 2003 and 2023, among middle school students:

- Ever-use of cigarettes decreased by 74.9 percent
- Frequent use of cigarettes decreased by 73.3 percent
- Past-month use of cigarettes declined by 65.7 percent

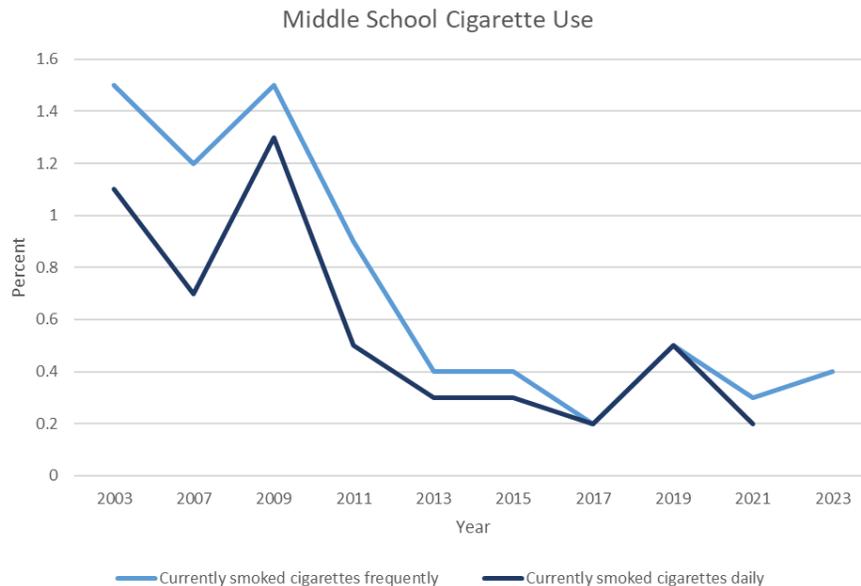


Among Hawaii middle school students, in 2023:

- 16.9 percent had ever tried an e-cigarette
- 10.3 percent were currently using e-cigarettes
- 2.7 percent reported frequent e-cigarette use
- 2 percent reported using e-cigarettes daily

Between 2019 and 2023, among high school students:

- Ever-use of e-cigarettes decreased by 44.8 percent
- Current use of e-cigarettes decreased by 41.8 percent
- Daily use of e-cigarettes was down by 13 percent
- Frequent use of e-cigarettes declined by 10 percent



With record lows in youth combustible cigarette use, flavor bans are not necessary to reduce youth use and unfairly punish adult consumers.

### **Cigarette Taxes Are Regressive, Disproportionately Impact Low-Income, Low-Educated Persons**

Cigarette taxes are regressive as low-income and low-educated persons disproportionately smoke at higher rates than their higher-income, more educated counterparts. As previously noted, Hawaiian adults with incomes of \$25,000 or less per year were three times more likely to smoke as adults who reported incomes of \$50,000 or greater.

Moreover, smoking rates among Hawaiian adults earning \$50,000 or more per year decreased at greater rates than their lower income counterparts. Between 2003 and 2023, the percentage of adults who smoked and reported incomes of \$50,000 or more decreased by 53.4 percent, compared to a 16.6 percent reduction in smoking among adults earning \$25,000 or less. Further, between 2003 and 2023, smoking rates among lower income adults increased, on average, by 0.4 percent annually, compared to a 3.3 percent average annual reduction among adults earning \$50,000 or more.

Numerous studies have also found cigarette excise taxes, and increases to those taxes, as regressive. A 2021 study in *Tobacco Control* found that “tobacco taxes are uniformly regressive from a standard income-share accounting view” and that “tobacco tax increases are less likely to be regressive when accompanied by a broad framework of demand-side measures that enhance the capacity of low-income smokers to quit tobacco use.”<sup>2</sup>

In 2015, according to the Institute on Taxation and Economic Policy, the poorest 20 percent of Americans “spent 0.8 percent of their income, on average, on cigarette taxes, while the wealthiest 1 percent spent less than 0.1 percent of their income on these taxes.”<sup>3</sup>

Further, increased access to education seems to correlate with low tobacco use. As noted previously, Hawaiian adults without a high school diploma or G.E.D. were 3.9 times more likely to smoke than college graduates. Between 2003 and 2023, smoking rates among Hawaiians who lacked a high school diploma (or equivalent) decreased by only 25.5 percent, compared to a 48.9 percent reduction among college graduates.

Rather than impose regressive taxes that disproportionately impact low-income and low-educated persons, policymakers should examine policies which can help reduce smoking without burdening the most vulnerable in the Aloha State.

### **Cigarette Taxes Are Unreliable Forms of Revenue**

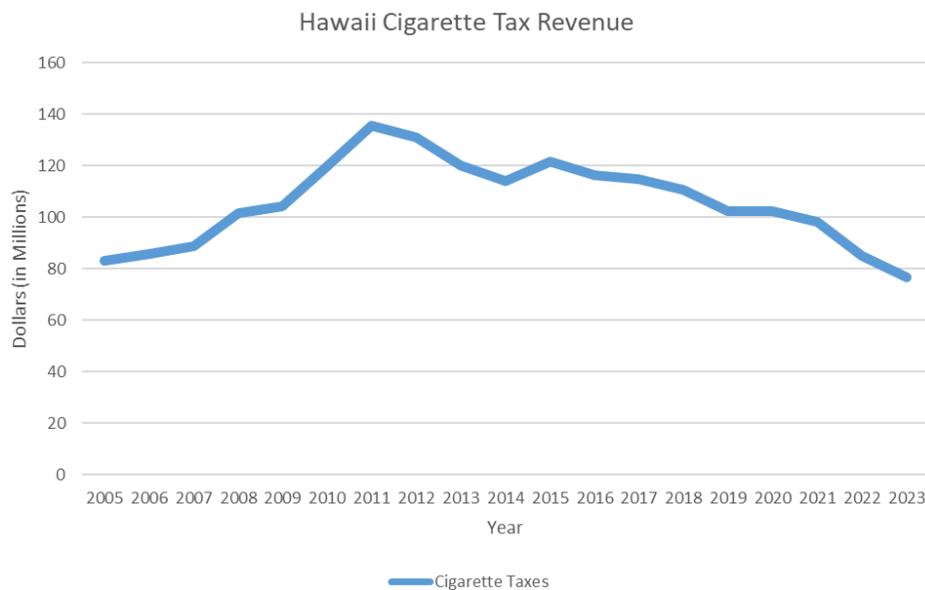
The proposed tax increase is being earmarked to fund special health care programs, yet cigarette tax revenue is down from previous years, and has significantly declined in the past 20 years. Moreover, the last cigarette tax increase only led to a few years of increased tax revenue, as cigarette excise tax collections continue to fall.

Beginning in 2006, Hawaii lawmakers enacted a several-year scheme which gradually increased state cigarette excise collections including:

- 2006: \$0.20 increase to \$1.60/pack
- 2007: \$0.20 increase to \$1.80/pack
- 2008: \$0.20 increase to \$2.00/pack
- 2009: \$0.60 increase to \$2.60/pack
- 2010: \$0.40 increase to \$3.00/pack
- 2011: \$0.20 increase to \$3.20/pack

The tax increases did lead to several years of increased cigarette tax revenue. The Aloha State collected \$135.6 million in cigarette excise taxes in 2011, which was a 63.2 percent increase from 2005’s \$83.1 million – or an additional \$52.5 million.

However, these increases were not experienced in the long term, with cigarette tax revenue declining each year since 2012. In 2023, Hawaii collected \$76.8 million in cigarette excise taxes, which was 43.4 percent decrease from 2011’s increases, or \$58.8 million less. Further, 2023’s revenue was down by 7.6 percent compared to what the state collected in 2005 – or prior to the start of enacting the increased taxes.



Given the volatility of cigarette tax revenue, policymakers should refrain from both increasing these taxes, as well as earmarking them for existing programs.

### **Existing Tobacco Monies Not Being Used Effectively**

Each year, states receive billions of dollars borne out of the lungs of persons who smoke. This revenue includes excise cigarette taxes and settlement payments. Yet, each year, states spend miniscule amounts of tobacco-related monies on programs to help adults quit smoking and prevent youth use.

In 2023, the Aloha State collected \$76.8 million in state excise tax revenue from combustible cigarettes. This was a 9.8 percent decrease from 2022's \$85.1 million, or \$8.3 million less. Between 2003 and 2023, Hawaii collected more than \$2.1 billion in cigarette taxes.

Since the 2000s, Hawaii collected annual payments from tobacco manufacturers based on the percentage of cigarettes and tobacco products sold in the state in that year. Hawaii collected \$40.9 million in settlement payments in 2023, a 6.5 percent increase from 2022's \$38.4 million, or an additional \$2.5 million. Since 2003, the Aloha State collected more than \$964 million in tobacco settlement payments.

While Hawaii collected \$117.7 million in tobacco-related monies in 2023, the state allocated only \$7.6 million in state funding towards tobacco control programs, including cessation, education, and youth prevention efforts, which was a 2.7 percent increase in funding from 2022's \$7.4 million. This amounts to 9.9 percent of taxes and 18.6 percent of settlement payments. In 2023, for every \$1 the state received in tobacco monies, it spent only \$0.06 on tobacco control efforts. Between 2003 and 2023, Hawaii collected more than \$3.1 billion tobacco monies, yet spent only \$168.6 million (or 5.4 percent) on tobacco control efforts during the same period.

**Taxpayers Protection Alliance, 1101 14th St. NW, Ste 500, Washington, D.C. 20005  
(202) 930-1716, [www.protectingtaxpayers.org](http://www.protectingtaxpayers.org)**

## **Lawmakers Should Embrace Tobacco Harm Reduction**

An estimated 30.8 million American adults smoked in 2020, or approximately 12.5 percent of the U.S. population.<sup>4</sup> Smoking-related disease and deaths cost the United States more than \$300 billion each year, including \$225 billion attributed to medical costs and more than \$156 billion due to lost productivity.<sup>5</sup> In Hawaii, smoking costs the state \$142 million in Medicaid costs each year.<sup>6</sup>

In 1976, famed tobacco research Michael Russell remarked “people smoke for the nicotine, but die from the tar.”<sup>7</sup> Today, cigarettes contain nearly 600 ingredients and when ignited release more than 7,000 chemicals in the tobacco smoke, including 69 which are known to cause cancer.<sup>8</sup>

Nicotine, while not benign, is not responsible for causing cancer or the other ill effects caused by combustible cigarette smoke. In fact, the U.S. Food and Drug Administration,<sup>9</sup> the Centers for Disease Control and Prevention,<sup>10</sup> and the American Cancer Society<sup>11</sup> all acknowledge that nicotine has addictive properties but is not responsible for the harms caused by various tobacco products.

Given that nicotine itself is not the harm-causing property of tobacco, consumers and manufacturers have moved forward with giving adults the options to try and switch to less harmful tobacco products, otherwise known as tobacco harm reduction.

Tobacco harm reduction takes into account the science and the individual, all the while reducing the harms related to cigarette smoking. Rather than shaming persons addicted to nicotine, tobacco harm reduction offers them an opportunity to use a less harmful product, while delivering nicotine in a manner that is effective at reducing their cravings.

- E-Cigarettes: Despite media alarmism, e-cigarettes are significantly less harmful than combustible cigarettes, as noted by numerous public health agencies. In 2015, Public Health England found e-cigarettes to be 95 percent less harmful than combustible cigarettes.<sup>12</sup> In 2021, the agency noted that “vaping is positively associated with quitting smoking successfully.”<sup>13</sup> In 2016, the UK Royal College of Physicians declared that e-cigarettes were unlikely to exceed five percent of the harms that are caused by smoking.<sup>14</sup> Not only does the UK government subsidize e-cigarettes as a cessation tool for people who smoke, vape shops can be found in hospitals in the country. In the United States, in 2018, of the estimated 10 million vapers, approximately 3 million had previously used combustible cigarettes.<sup>15</sup> In 2021, the Food and Drug Administration (FDA), through a new regulatory pathway, authorized the first e-cigarette product, finding that the product is “significantly less toxic than combusted cigarettes” and “could benefit addicted adult smokers who switch ... by reducing their exposure to harmful chemicals.”<sup>16</sup>

- **Heated Tobacco:** The US FDA has not only allowed for the marketing of a heated tobacco product, the manufacturer has been permitted to market it with a reduced risk claim, including that due to the product heating tobacco and not burning it, the process “significantly reduces the production of harmful and potentially harmful chemicals.”<sup>17</sup> While the rollout in America has been limited (and currently hindered by a patent dispute), in other countries, heated tobacco products have been linked to significant reductions in adult smoking rates. A 2020 study by the American Cancer Society remarked that heated tobacco products “likely reduced cigarette sales in Japan.”<sup>18</sup>
- **Nicotine pouches:** Nicotine pouches are used the same way as snus but deliver nicotine via infused fillers like plant-based fibers instead of pasteurized tobacco. They are the newest innovation on the nicotine market and they are as or less harmful than snus. As a result, they have been rising in popularity across the world. For example, a May 2022 study assessed the potential effect of nicotine pouches if introduced in the U.S. in 2000. The study estimated there would have been about 700,000 fewer deaths by 2050.
- **Nicotine Replacement Therapy (NRT):** NRT is the most endorsed form of tobacco harm reduction and is subsidized by federal and state health care quit-smoking programs. NRT includes gums, patches, lozenges, and prescription medication. Studies have found that similar rates of cessation success among users of various NRT products and smokeless and snus products.<sup>19</sup> Other tobacco harm reduction products have been found to be more effective. For example, a 2019 randomized controlled trial found that e-cigarettes were almost twice as effective as NRT in aiding in smoking cessation.<sup>20</sup>
- **Smokeless:** Smokeless tobacco poses much lower risks than smoking, all while containing nicotine. A 2009 *Biomed Central* study analyzed 89 studies of smokeless tobacco use and cancer finding “very little evidence” of smokeless tobacco producing elevated cancer risks.<sup>21</sup> A 2011 review of epidemiologic studies found that snus and smokeless tobacco use to be “99% less hazardous than smoking.”<sup>22</sup>
- **Snus:** Snus is an oral moist tobacco often used in pouches. It originated in Sweden and has been part of the country’s “tobacco culture” for more than a century. Snus has been directly linked to reducing smoking rates in the country. Swedish men, who have the highest rate of smokeless tobacco use in Europe and the lowest smoking rate, “also have the lowest rates of lung cancer and other smoking-related diseases in Europe.”<sup>23</sup> Further, a 2020 long-term study of Swedish snus users that were former smokers concluded that over “80% found snus of great importance to succeed with smoking cessation.”<sup>24</sup>

As cigarettes remain available, it is imperative that policymakers offer the consumers access to less harmful tobacco products. Policymakers should avoid excessive regulations, unfair taxation, and outright prohibition when enacting policies regarding novel tobacco harm reduction innovations. Lawmakers should put forth policies that both inform consumers of the wide variety

of less harmful products, as well as allow the market to introduce products that are effective at both delivering nicotine in a less harmful manner and reducing smoking rates.

## Conclusion

Increasing the state excise tax on combustible cigarettes may seem like an effective way to fund health care programs, but the evidence suggests otherwise. Cigarette tax revenue has proven unreliable, regressive, and disproportionately harmful to low-income and less-educated individuals. Rather than imposing additional financial burdens, policymakers should prioritize evidence-based strategies that address the root causes of smoking and leverage harm reduction tools. By embracing alternatives like e-cigarettes, heated tobacco products, and nicotine pouches, Hawaii can continue to reduce smoking rates while supporting public health initiatives without exacerbating economic disparities.

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<sup>1</sup> Centers for Disease Control and Prevention, “BRFSS Prevalence and Trends Data,” 2023, <https://www.cdc.gov/brfss/brfssprevalence/>. Accessed January 10, 2025.

<sup>2</sup> Stéphane Verguet, *et al.*, “Questioning the regressivity of tobacco taxes: a distributional accounting impact model of increased tobacco taxation,” *Tobacco Control*, 2021, <https://tobaccocontrol.bmj.com/content/30/3/245>.

<sup>3</sup> Institute on Taxation and Economic Policy, “Cigarette Taxes: Issues and Options,” October 18, 2016, <https://itep.org/cigarette-taxes-issues-and-options-1/>.

<sup>4</sup> Centers for Disease Control and Prevention, “Current Cigarette Smoking Among Adults in the United States,” *Smoking & Tobacco Use*, March 17, 2022, [https://www.cdc.gov/tobacco/data\\_statistics/fact\\_sheets/adult\\_data/cig\\_smoking/index.htm](https://www.cdc.gov/tobacco/data_statistics/fact_sheets/adult_data/cig_smoking/index.htm).

<sup>5</sup> Office of the Associate Director for Policy and Strategy, “Health Topics – Tobacco,” Centers for Disease Control and Prevention, September 30, 2021, <https://www.cdc.gov/policy/polaris/healthtopics/tobacco/index.html>.

<sup>6</sup> Chronic Disease Prevention & Health Promotion Division, “Tobacco Prevention & Control Section,” Hawaii Department of Health, <https://health.hawaii.gov/tobacco/>.

<sup>7</sup> M. A. H. Russell, “Low-tar medium-nicotine cigarettes: a new approach to safer smoking,” *British Medical Journal*, June 12, 1976, <https://www.bmj.com/content/bmj/1/6023/1430.full.pdf>.

<sup>8</sup> National Cancer Institute, “Harms of Cigarette Smoking and Health Benefits of Quitting,” December 19, 2017, <https://www.cancer.gov/about-cancer/causes-prevention/risk/tobacco/cessation-fact-sheet>.

<sup>9</sup> U.S. Food and Drug Administration, “Nicotine Is Why Tobacco Products Are Addictive,” June 29, 2022, <https://www.fda.gov/tobacco-products/health-effects-tobacco-use/nicotine-why-tobacco-products-are-addictive>.

<sup>10</sup> Centers for Disease Control and Prevention, “Quit smoking medicines are much safer than smoking,” *Tips From Former Smokers* ©, January 7, 2022, <https://www.cdc.gov/tobacco/campaign/tips/quit-smoking/quit-smoking-medications/3-reasons-to-use-medicines-when-you-quit/quit-medicines-are-safer-than-smoking/index.html>.

<sup>11</sup> American Cancer Society, “Health Risks of Smokeless Tobacco,” October 28, 2020, <https://www.cancer.org/healthy/stay-away-from-tobacco/health-risks-of-tobacco/smokeless-tobacco.html>.

<sup>12</sup> A. McNeill *et al.*, “E-cigarettes: an evidence update,” *Public Health England*, August 2015, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733022/Ecigarettes\\_an\\_evidence\\_update\\_A\\_report\\_commissioned\\_by\\_Public\\_Health\\_England\\_FINAL.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733022/Ecigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf).

<sup>13</sup> Ann McNeill *et al.*, “Vaping in England, an evidence update including vaping for smoking cessation,” February 2021, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/962221/Vaping\\_in\\_England\\_evidence\\_update\\_February\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962221/Vaping_in_England_evidence_update_February_2021.pdf).

<sup>14</sup> Royal College of Physicians, “Nicotine without smoke: Tobacco harm reduction,” April 28, 2016, <https://www.rcplondon.ac.uk/projects/outputs/nicotine-without-smoke-tobacco-harm-reduction>.

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<sup>15</sup> Nicholas Bakalar, “From 0 to 10 Million: Vaping Takes Off in the U.S.,” *The New York Times*, August 31, 2018, <https://www.nytimes.com/2018/08/31/health/vaping-cigarettes-nicotine.html>.

<sup>16</sup> U.S. Food and Drug Administration, “FDA Permits Marketing of E-Cigarette Products, Marking First Authorization of Its Kind by the Agency,” *FDA News Release*, October 12, 2021, <https://www.fda.gov/news-events/press-announcements/fda-permits-marketing-e-cigarette-products-marking-first-authorization-its-kind-agency>.

<sup>17</sup> U.S. Food and Drug Administration, “FDA Authorizes Marketing of IQOS Tobacco Heating System with ‘Reduced Exposure’ Information,” *FDA News Release*, July 7, 2020, <https://www.fda.gov/news-events/press-announcements/fda-authorizes-marketing-iqos-tobacco-heating-system-reduced-exposure-information>.

<sup>18</sup> Michael Stoklosa *et al.*, “Effect of IQOS introduction on cigarette sales: evidence of decline and replacement,” *Tobacco Control*, July 29, 2020, <https://pubmed.ncbi.nlm.nih.gov/31209129/>.

<sup>19</sup> Paul R. Nelson *et al.*, “Randomized Trial to Compare Smoking Cessation Rates of Snus, With and Without Smokeless Tobacco Health-Related Information, and a Nicotine Lozenge,” *Nicotine & Tobacco Research*, January 24, 2018, <https://academic.oup.com/ntr/article/21/1/88/4823099>.

<sup>20</sup> Peter Hajek *et al.*, “A Randomized Trial of E-Cigarettes versus Nicotine-Replacement Therapy,” *The New England Journal of Medicine*, February 14, 2019, <https://www.nejm.org/doi/full/10.1056/nejmoa1808779>.

<sup>21</sup> Brad Rodu, “New Study Documents the Health Effects from Snus Use: Almost Zero,” *Tobacco Truth*, January 19, 2011, <https://rodutobaccotruth.blogspot.com/2011/01/new-study-documents-health-effects-from.html>.

<sup>22</sup> Brad Rodu *et al.*, “Vaping, E-Cigarettes, and Public Policy Toward Alternatives to Smoking,” *The Heartland Institute*, February 20, 2017, <https://www.heartland.org/publications-resources/publications/vaping-e-cigarettes-and-public-policy-toward-alternatives-to-smoking>.

<sup>23</sup> Brad Rodu, “Smoking in the European Union: How Swede It Could Be,” *Tobacco Truth*, August 3, 2009, <https://rodutobaccotruth.blogspot.com/2009/08/smoking-in-european-union-how-swede-it.html>.

<sup>24</sup> Tove Sohlberg and Peter Wennberg, “Snus cessation patterns – a long-term follow-up of snus users in Sweden,” *Harm Reduction Journal*, September 10, 2020, <https://harmreductionjournal.biomedcentral.com/articles/10.1186/s12954-020-00405-z>.

# Tobacco & Vaping 101:

## Hawaii 2025

Lawmakers are often bombarded with misinformation on the products used by adults in their state. This annual analysis provides up-to-date data on the adults who use cigarettes and e-cigarette products in the Aloha State. This information also includes data on youth use, impacts of e-cigarettes and analyses of existing tobacco monies.

### Key Points:

- In 2023, 102,737 Hawaii adults (9 percent) were currently smoking. This is a 27.4 percent decrease from 2022 and represents 38,905 fewer adults smoking.
- In 2023 (among all Hawaii adults), 5.6 percent of 18 to 24-year-olds, 10.3 percent of 25 to 44-year-olds, 10.9 percent of 45 to 64-year-olds, and 7 percent of adults aged 65 years or older were currently smoking combustible cigarettes.
- Among all adults earning \$25,000 or less in 2023, 18.7 percent were currently smoking compared to 5.9 percent of adults earning \$50,000 or more.
- Among all smoking adults in Hawaii in 2023, 26.7 percent were Asian, 25.6 percent were Multiracial (non-Hispanic), 21.1 percent were White, 13.8 percent were Native Hawaiian/Pacific Islander, 11.5 percent were Hispanic, and 1.3 percent were Black.
- In 2023, 115,294 Hawaii adults (10.1 percent) were currently using e-cigarettes. This is a 14.8 percent increase from 2022 and represents 14,774 additional adults vaping.
- Among all vaping adults in Hawaii in 2023, 24.4 percent were 18 to 24 years old, 56.4 percent were 25 to 44 years old, 14.5 percent were 45 to 64 years old, and 4.7 percent were 65 years or older.
- In 2023, for every one Hawaii high school student who was smoking, more than 68 adults were currently using cigarettes.
- In 2023, for every one Hawaii high school student who was vaping, more than 17 adults were currently using e-cigarettes.
- The introduction of e-cigarettes has not led to increases in cigarette smoking, but rather, correlates with significant declines in smoking rates among young adults.
- Between 2016 and 2023, smoking rates among Hawaii adults aged 18 to 24 years old decreased by 53.3 percent.
- E-cigarette use has declined among Hawaii young adults. Between 2022 and 2023, e-cigarette use among 18 to 24-year-olds decreased by 17.9 percent.
- Cigarette excise taxes in Hawaii disproportionately impact lower-income and lower-educated persons, while failing to significantly reduce smoking rates among that class.
- Among Hawaii adults earning \$25,000 or less, smoking rates increased on average by 0.4 percent annually between 2003 and 2023, while rates among adults earning \$50,000 or more decreased by 3.3 percent during the same period.
- In 2023, among Hawaii adults who did not graduate high school, 18.7 percent were currently smoking, while only 4.8 percent of college graduates were smoking.
- Hawaii woefully underfunds programs to prevent youth use of tobacco and/or vapor products and help adults quit smoking, while simultaneously receiving millions of dollars from the pockets of the adults who smoke. In 2023, for every \$1 the state received in tobacco monies, it spent only \$0.06 on tobacco control efforts.

# Tobacco & Vaping 101: Hawaii 2025

## Adult Combustible Cigarette and E-Cigarette Use

In 2023, according to data from the annual Behavioral Risk Factor Surveillance System survey, conducted by the Centers for Disease Control and Prevention, an estimated 102,737 adults (or 9 percent of Hawaiians) were currently smoking. This is a 27.4 percent decrease from 2022 when 12.4 percent reported current cigarette use. There were 38,905 fewer adults smoking in 2023 compared to 2022.

In 2023 (among all Hawaii adults), 5.6 percent of 18 to 24-year-olds, 10.3 percent of 25 to 44-year-olds, 10.9 percent of 45 to 64-year-olds, and 7 percent of adults aged 65 years or older were currently smoking combustible cigarettes. Between 2022 and 2023, smoking rates decreased among 25 to 44-year-olds by 27.6 percent, and among 45 to 64-year-olds by 6.5 percent. Rates increased among 18 to 24-year-olds by 86.7 percent, and among adults aged 65 years or older by 22.8 percent.

Among all adults earning \$25,000 annually or less in 2023, 18.7 percent reported currently smoking, compared to 5.9 percent of adults who earned \$50,000 or more per year.

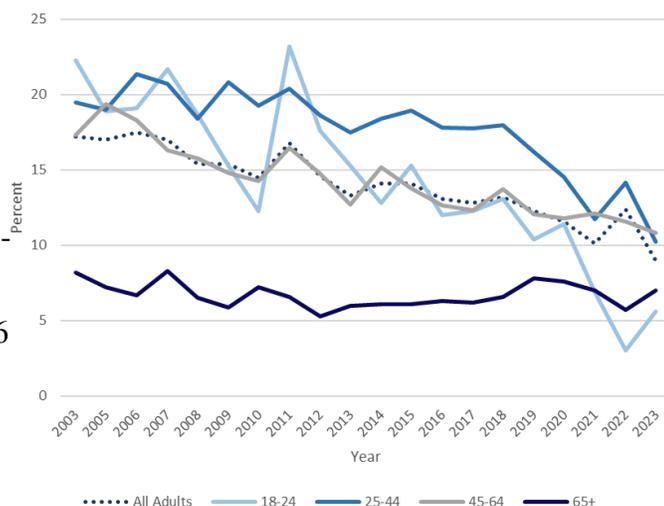
In Hawaii, Native Hawaiian/Pacific Islander adults reported smoking at a greater percentage of their identified race at 13.1 percent. This is compared to 12.8 percent of Multiracial (non-Hispanic) adults, 11.7 percent of Hispanic adults, 9.3 percent of Black adults, 7.9 percent of White adults, and 6.1 percent of Asian adults.

Yet, Asian adults made up a larger percentage of Hawaii's total adults smoking population. In 2023, Asian adults accounted for 26.7 percent of Hawaii's current smoking population, compared to Native Hawaiian/Pacific Islander adults, who made up 13.8 percent. Multiracial (non-Hispanic) adults accounted for 25.6 percent, White adults made up 21.1 percent, Hispanic adults accounted for 11.5 percent, and Black adults made up 1.3 percent of Hawaii's adult smoking population in 2023.

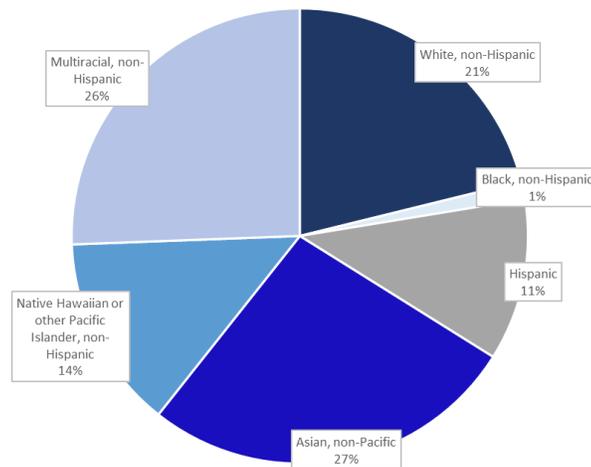
In 2023, an estimated 115,294 Hawaii adults (or 10.1 percent) were currently using e-cigarettes. This is a 14.8 percent increase from 2022 when 8.8 percent reported current e-cigarette use. There were an estimated 14,774 additional adults vaping in 2023 compared to 2022. There has been a 134.9 percent increase in adults vaping between 2016 and 2023. There were an additional 67,079 Hawaii adults vaping in 2023 compared to 2016.

Among Hawaii adults currently using e-cigarettes in 2023, 24.4 percent were 18 to 24 years old, 56.4 percent were 25 to 44 years old, 14.5 percent were 45 to 64 years old, and 4.7 percent were 65 years or older. Among adult e-cigarette users in Hawaii in 2023, 75.6 percent were 25 years or older.

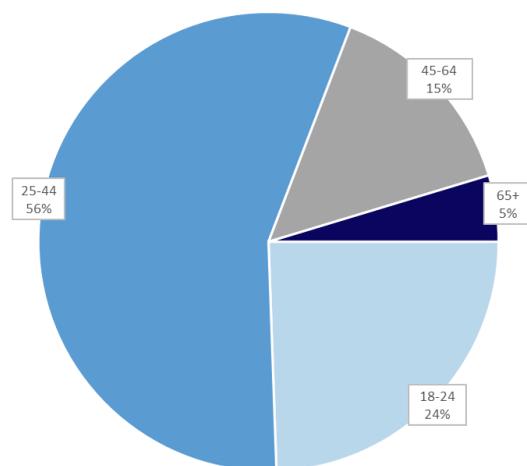
Adult Smoking Rates by Age  
Hawaii



Percent of Adults Who Smoke, by Race  
Hawaii 2023



Percent of Adults Who Vape, by Age  
Hawaii 2023

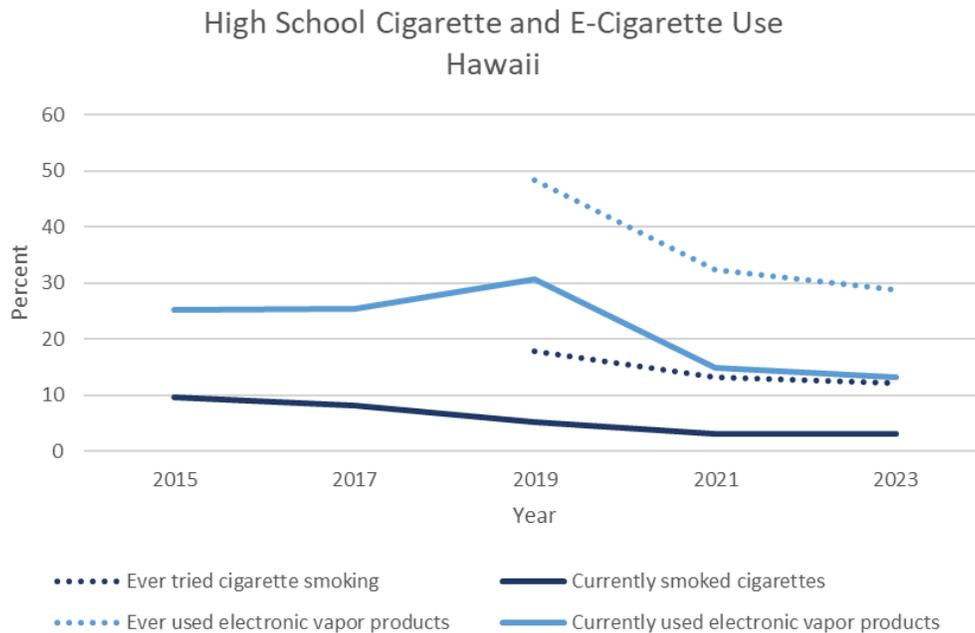


# Tobacco & Vaping 101: Hawaii 2025

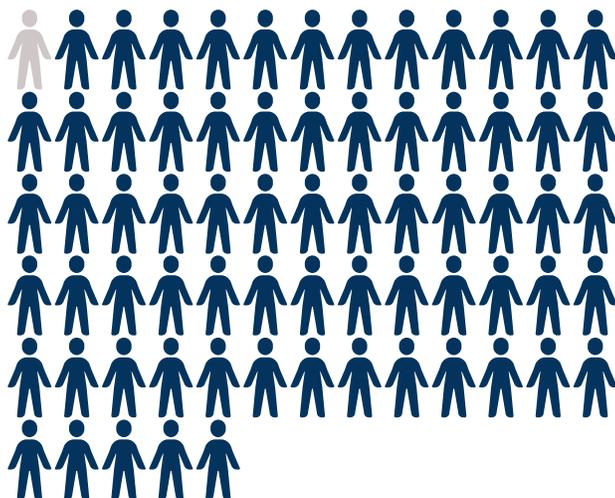
## Youth Combustible Cigarette and E-Cigarette Use

Youth smoking rates are at historic lows in the Aloha State. In 2023, 12.1 percent of high school students reported ever trying combustible cigarettes, while 3 percent reported currently smoking, or having used the product on at least one occasion in the 30 days prior. In 2023, approximately 1,494 Hawaii high school students were smoking, compared to an estimated 102,737 Hawaii adults aged 18 and older who were currently smoking. For every one high school student smoking in 2023 in Hawaii, more than 68 adults were currently smoking.

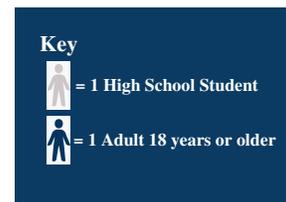
Youth vaping continues to decline in the Aloha State. In 2023, 28.8 percent of Hawaii high school students reported ever using an e-cigarette, and 13.2 percent reported current use. Between 2019 and 2023, ever-use of e-cigarettes decreased by 40.4 percent, while current use declined by 56.9 percent. In 2023, approximately 6,574 Hawaii high school students were vaping, compared to 115,294 Hawaii adults aged 18 and older who were currently vaping. For every one high school student vaping in 2023 in Hawaii, more than 17 adults were using e-cigarettes.



### Youth to Adult Smoking Ratio Hawaii 2023



### Youth to Adult Vaping Ratio Hawaii 2023



# Tobacco & Vaping 101: Hawaii 2025

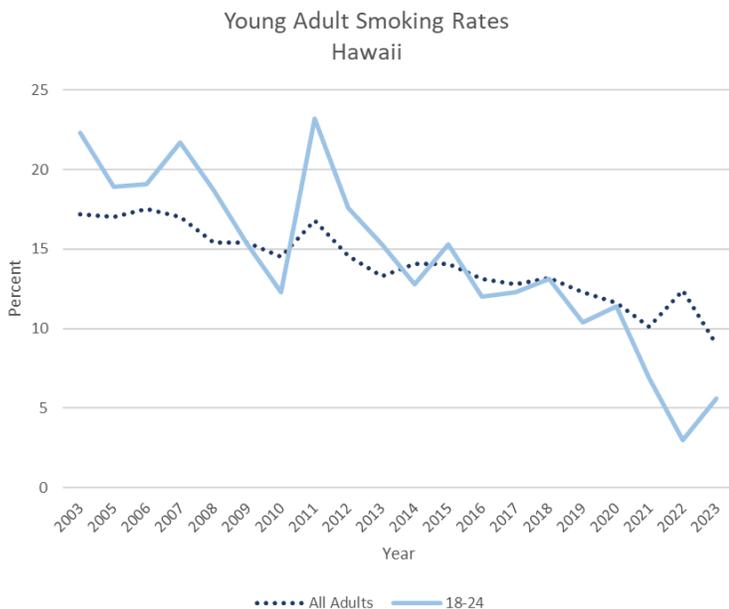
## Young Adult Cigarette Use

The introduction of e-cigarettes has not led to increases in young adult cigarette smoking, but rather, correlates with significant declines.

In 2016, 12 percent of Hawaiians aged 18 to 24 years old were currently smoking. Between 2016 and 2023, smoking rates among young adults in the Aloha State decreased by 53.3 percent. Comparatively, among all Hawaii adults, smoking rates decreased by 31.3 percent during the same period. Interestingly, young adult smoking rates have increased in recent years, and should be monitored in future years. Between 2022 and 2023, young adult smoking rates increased by 86.7 percent, compared to a 27.4 percent reduction among all adults.

E-cigarette use has declined among young Hawaii adults. In 2023, 22.5 percent of 18- to 24-year-olds were currently using e-cigarettes, which was a 17.9 percent decrease from 2022.

Given the epic lows in young adult smoking rates, lawmakers must refrain from policies that restrict access to alternatives to smoking.

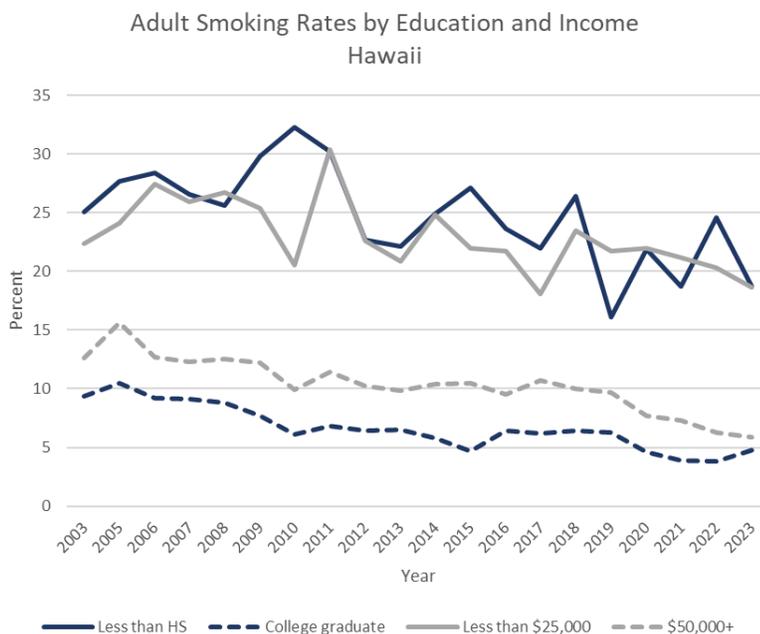


## Effects of Cigarette Excise Taxes

Hawaii currently imposes a \$3.20-per-pack state cigarette excise tax. Lawmakers often justify excise taxes on cigarettes to deter persons from using combustible cigarettes. These taxes not only disproportionately harm lower-income and lower-educated adults; the taxes also fail to significantly reduce smoking rates among those persons.

Among Hawaii adults earning \$25,000 or less, smoking rates increased on average by 0.4 percent annually between 2003 and 2023, while rates among adults earning \$50,000 or more decreased by 3.3 percent during the same period. Among Hawaiians who did not graduate high school, 18.7 percent were currently smoking in 2023, compared to 4.8 percent of college graduates who were smoking.

Lawmakers should refrain from enacting further increases in cigarette taxes given their disproportionate effect on low-income persons, while failing to reduce smoking rates.



# Tobacco & Vaping 101:

## Hawaii 2025

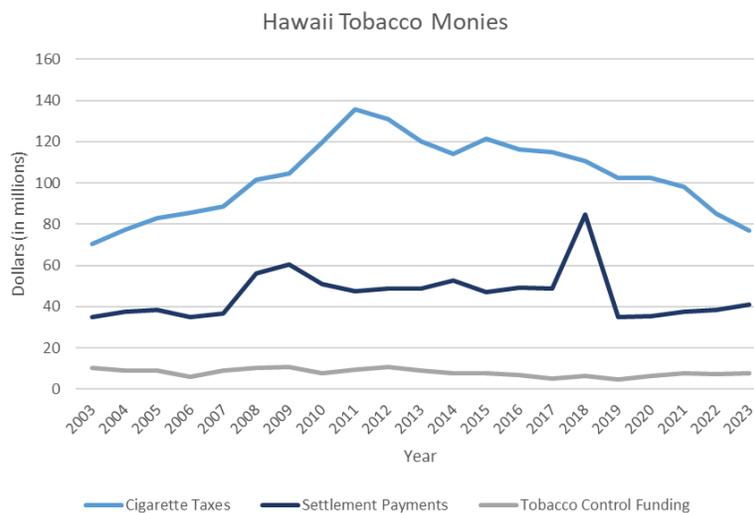
### Tobacco Monies

Each year, states receive billions of dollars borne out of the lungs of persons who smoke. This revenue includes excise cigarette taxes and settlement payments. Yet, each year, states spend miniscule amounts of tobacco-related monies on programs to help adults quit smoking and prevent youth use.

In 2023, the Aloha State collected \$76.8 million in state excise tax revenue from combustible cigarettes. This was a 9.8 percent decrease from 2022's \$85.1 million, or \$8.3 million less. Between 2003 and 2023, Hawaii collected more than \$2.1 billion in cigarette taxes.

Since the 2000s, Hawaii has collected annual settlement payments from tobacco manufacturers based on the percentage of cigarettes and tobacco products sold in the state in that year, after successfully suing manufacturers for smoking-related health care costs. Hawaii collected \$40.9 million in settlement payments in 2023, a 6.5 percent increase from 2022's \$38.4 million, or an additional \$2.5 million. Since 2003, the Aloha State collected more than \$964 million in tobacco settlement payments.

While Hawaii collected \$117.7 million in tobacco-related monies in 2023, the state allocated only \$7.6 million in state funding towards tobacco control programs, including cessation, education, and youth prevention efforts, which was a 2.7 percent increase in funding from 2022's \$7.4 million, or an additional \$200,000. This amounts to 9.9 percent of taxes and 18.6 percent of settlement payments. In 2023, for every \$1 the state received in tobacco monies, it spent only \$0.06 on tobacco control efforts. Between 2003 and 2023, Hawaii collected more than \$3.1 billion tobacco monies, yet spent only \$168.6 million (or 5.4 percent) on tobacco control efforts during the same period.



### References

1. Data on adult smoking rates comes from the Centers for Disease Control's Behavioral Risk Factor Surveillance Survey including sections on "Demographics - Race," Tobacco Use - All Categories," and "E-Cigarette Use." Accessed October, 2024. <https://www.cdc.gov/brfss/brfssprevalence/>.
2. Data on race and age was compiled using population data from the Annie E. Casey Foundation (<https://datacenter.kidscount.org/>) and Demographic data from the CDC to cross reference the racial population. Then, data from Smoking and Race, and E-Cigaretts and Age, was used to determine the percent of adults who were smoking in 2023.
3. Data on youth tobacco and vapor product use comes from the CDC's Youth Risk Behavior Survey. Accessed October, 2024. [https://www.cdc.gov/tobacco/data\\_statistics/surveys/nyts/index.htm](https://www.cdc.gov/tobacco/data_statistics/surveys/nyts/index.htm).
4. Data on tax information comes from Orzechowski and Walker, "The Tax Burden on Tobacco Historical Compilation Volume 58, 2023. Print.
5. Data on tobacco settlement payments is from Campaign for Tobacco-Free Kids, "Actual Annual Tobacco Settlement Payments Received by the States, 1998-2023." Accessed October, 2024. <https://www.tobaccofreekids.org/assets/factsheets/0365.pdf>.
6. Data on tobacco control funding is from Campaign for Tobacco-Free Kids, "Appendix A: A History of Spending for State Tobacco Prevention Programs," Accessed October, 2024. <https://www.tobaccofreekids.org/assets/factsheets/0209.pdf>.

**HB-441-HD-2**

Submitted on: 2/20/2025 1:53:50 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Young Park	Wawa Village 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 Hawai‘i'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-2**

Submitted on: 2/20/2025 1:56:23 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jeffery Kwon	Young's Wine and Spirit	Oppose	Written Testimony Only

Comments:

Testimony in Opposition to HB 441

Submitted by: Jeffery Kwon

Young's Wine and Spirit

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

I strongly oppose HB 441, which seeks to increase the tax on cigarettes. While the intention may be to reduce smoking rates and generate state revenue, this bill will create serious unintended consequences, particularly for low-income consumers who are disproportionately impacted by tobacco taxation. Rather than encouraging cessation, excessive tax hikes force struggling individuals to spend more of their limited income or seek alternative, unregulated sources. This approach unfairly punishes legal adult consumers while failing to address the root causes of smoking.

Additionally, higher cigarette taxes drive consumers toward black market sales, where unregulated and untaxed products are readily available. This not only reduces state tax revenue but also fuels illicit trade, benefiting criminal networks rather than law-abiding retailers. Legitimate small businesses like Young's Wine and Spirit will suffer as customers turn to illegal sources or out-of-state purchases to avoid the tax burden, further damaging Hawaii's economy.

Instead of relying on regressive taxation that disproportionately harms low-income individuals and encourages illegal sales, the state should focus on education, harm reduction, and enforcing existing regulations. Responsible retailers already play a key role in preventing underage sales, and increasing cigarette taxes will only push consumers away from regulated businesses without

truly addressing smoking rates. I urge the committee to reject HB 441 and consider policies that support both public health and economic fairness.

Jeffery Kwon

Young's Wine and Spirit

## TESTIMONY IN SUPPORT OF HB 441 HD2

TO: Chair Yamashita, Vice-Chair Takenouchi, and Members

FROM: Michael Paul, Certified Tobacco Treatment Specialist

DATE: February 21, 2025 (2:00pm)

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Hawai'i Health & Harm Reduction Center (HHRC) **supports** with amendments HB 441 HD2, 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 will be more effective at both raising funds for cancer center research as well as reducing cigarette smoking if 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.

**HB-441-HD-2**

Submitted on: 2/20/2025 2:35:29 PM

Testimony for FIN on 2/21/2025 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 remain opposed to this regressive and unsustainable tax increase.

**HB-441-HD-2**

Submitted on: 2/19/2025 11:44:46 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

Aloha,

My name is Kristin Mills and I'm a resident and voter in Pukalani, on the island of Maui. I am also a parent and a health educator.

I am in support of HB441 with amendments.

Increasing the cigarette tax by at least \$1 is one strategy we know can reduce tobacco use.

A raise in the cigarette tax by \$1 would result in about 2400 adults who currently smoke quitting, about 100 young adults aged 18-24 quitting, and there would be a 7.4% decrease in youth under 18 who smoke. Additionally the projected annual revenue from increasing the cigarette tax by \$1.00 per pack in Hawaii would be \$11.46 million.

These are all positive outcomes!

Please support HB441 with amendments.

Sincerely,

Kristin Mills

Resident, voter, health educator, and parent

**HB-441-HD-2**

Submitted on: 2/19/2025 12:29:34 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

Aloha,

I strongly support this bill. Reasoning is.

Increasing the cigarette tax by at least \$1 is one strategy we know can reduce tobacco use, and would result in:

- 2,400 adults who currently smoke would quit
- 100 young adults aged 18-24 would quit
- there would be a 7.4% decrease in youth under 18 that smoke

Additionally the projected annual revenue from increasing the cigarette tax by \$1.00 per pack in Hawai'i would be \$11.46 million.

Mahalo,

Maddalynn Seseapasara

Date: February 19, 2025

To: The Honorable Kyle T. Yamashita, Chair  
The Honorable Jenna Takenouchi, Vice Chair  
Members of the House Committee on Finance

Re: **Support for HB441 HD2**, Relating to Cigarette Taxes

Hrg: Friday February 21, 2025 at 2:00 pm via Videoconference Conference Room 308

Aloha House Committee on Finance,

As a parent, community member and healthcare professional I am writing in **strong support of HB441 HD2 with amendment**, 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 HB441 HD2 for the Cancer Research Fund will allow much-needed cancer research in Hawai'i to continue uninterrupted.

**I respectfully ask the Committee to amend HB441 HD2 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 HB441 HD2, 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 HD2 Relating to Cigarette Taxation

To: the Finance Committee

I am submitting this testimony in support of HB 1085 HD1 as a long-time Kauai pediatrician concerned with the health of the Hawaii population, both children and adults. There is ample research concerning the benefit of increasing cigarette taxes. The research supports the fact that the larger the tax increase, the greater the benefit will accrue related to cigarette use, both short and long term improved health, decreased state health costs, and increase in state revenue. An increase of \$1.00 per pack will generate \$11.46 million per annum and a long-term savings in health care expenses of \$611 million. The projected decrease in youth cigarette smoking by increasing cigarette taxes to \$1/ pack is 7.4%.

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

Respectfully submitted,  
Linda Weiner, MD  
Kauai

**HB-441-HD-2**

Submitted on: 2/19/2025 4:11:59 PM

Testimony for FIN on 2/21/2025 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:

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**HB-441-HD-2**

Submitted on: 2/19/2025 4:21:09 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
kiana cruz	Individual	Support	Written Testimony Only

Comments:

[HB 441, HD2](#) Hearing Feb 21, 2025 2:00 PM

I am writing to express my strong support for HSCR470, which proposes an amendment to the cigarette tax and reallocates the increased revenue to the Hawaii Cancer Research Special Fund. As a nursing student/community member, I recognize the significant impact that cigarette use has on public health and the burden it places on healthcare systems in Hawaii.

Tobacco use remains one of the leading causes of preventable disease and death, contributing to high rates of lung cancer, cardiovascular diseases, and other smoking-related illnesses. Increasing the cigarette tax is a proven public health strategy that discourages smoking, particularly among adolescents and young adults. Studies have consistently shown that higher cigarette prices lead to reduced smoking rates, thereby improving public health outcomes and reducing long-term healthcare costs.

Furthermore, allocating the additional tax revenue to the Hawaii Cancer Research Special Fund ensures that these funds are utilized to advance cancer research, prevention efforts, and treatment innovations. Hawaii has a unique and diverse population with specific healthcare challenges, and investing in localized cancer research will enhance early detection, treatment accessibility, and overall health equity.

This bill not only aligns with evidence-based public health policies but also represents a commitment to protecting the well-being of Hawaii's residents. I urge the committee to pass HSCR470 and take a proactive step toward reducing smoking prevalence while supporting vital cancer research initiatives.

Thank you for your time and consideration.

Sincerely,

Kiana Cruz

Kihei, HI



**HB-441-HD-2**

Submitted on: 2/19/2025 5:57:46 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Desiree Constance De La Espriella	Individual	Support	Written Testimony Only

Comments:

**Strong Support of HB441: Relating to Cigarette Taxes Hearing February 21, 2025**

**To: The Honorable Members of the Committee,**

**My name is Desiree De La Espriella, and I am a nursing student at the University of Hawaii Maui College. I am writing to express my strong support for House Bill 441, which seeks to increase taxes on cigarettes and other tobacco products. As a future healthcare professional, I recognize the profound impact that smoking and tobacco use have on the health of individuals and communities, and I believe that this bill is a critical step in improving public health and reducing the burden of tobacco-related diseases.**

**Cigarette smoking is one of the leading causes of preventable illness and death worldwide. As a nursing student, I have learned in great detail about the numerous health complications associated with tobacco use, including lung cancer, heart disease, chronic obstructive pulmonary disease (COPD), and stroke. These conditions not only affect individuals who smoke but also impose a significant strain on our healthcare system, driving up medical costs and contributing to longer hospital stays, surgeries, and rehabilitation. HB441’s proposal to increase the cigarette tax will serve as an effective public health strategy by discouraging tobacco use, particularly among young people, and encouraging smokers to quit.**

**Increasing the cigarette tax by at least \$1 is one strategy we know can effectively reduce tobacco use. This policy would result in:**

- 2,400 adults who currently smoke quitting.**
- 100 young adults aged 18-24 quitting.**
- A 7.4% decrease in smoking among youth under 18.**

**Additionally, the projected annual revenue from increasing the cigarette tax by \$1.00 per pack in Hawai‘i would be \$11.46 million. These funds could be allocated to important public health programs, such as smoking cessation support, education campaigns, and healthcare services for those affected by smoking-related diseases.**

**Increasing cigarette taxes has been shown in numerous studies to reduce smoking rates, particularly among adolescents and low-income populations, who are often more sensitive**

**to price changes. As a nursing student, I see firsthand the impact that smoking has on vulnerable communities, including low-income families, and the importance of interventions like increased taxes in helping prevent the initiation of smoking and promoting smoking cessation. The increased revenue generated from the cigarette tax could also be used to further support smoking cessation programs, ensuring that those who wish to quit have the resources and support they need.**

**Furthermore, this bill aligns with the principles of health equity and preventive care. As we learn in nursing, prevention is key to improving the overall health of a population, and this bill supports that vision by making it more difficult for individuals to start or continue smoking. For nursing students like myself, supporting policies that aim to prevent chronic illnesses and promote healthier lifestyles is a fundamental part of our training and commitment to providing the best care for our future patients.**

**In conclusion, I strongly support HB441, as it will play a vital role in reducing tobacco use, improving public health outcomes, and addressing the healthcare disparities caused by smoking. I urge the committee to pass this bill, which will ultimately save lives, reduce healthcare costs, and create a healthier future for all residents of Hawai'i.**

**Thank you for your time and consideration.**

**Sincerely,  
Desiree De La Espriella  
Nursing Student**

**HB-441-HD-2**

Submitted on: 2/19/2025 8:37:09 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

Chair Yamashita, Vice Chair Takenouchi, and members of the House Committee on Finance, thank you for the opportunity to provide testimony **in support with amendments of HB441 HD2.**

Increasing cigarette taxes is a strategy known to reduce tobacco use while raising revenue. Health status and quality of life will improve for those who quit, and we support cancer research by the University of Hawaii with the extra funds raised.

Mahalo for your dedication to promoting better health in Hawaii.

Kathleen Hagan, MS, APRN, ANP-BC

Paia, Maui, Hawaii

**HB-441-HD-2**

Submitted on: 2/19/2025 9:15:54 PM

Testimony for FIN on 2/21/2025 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 with ammendments HD 2. 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-2**

Submitted on: 2/20/2025 9:05:39 AM

Testimony for FIN on 2/21/2025 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 and supports 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 support the amendments to this bill that 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-2**

Submitted on: 2/20/2025 9:42:35 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

There would be a 7.4% decrease in youth under 18 that smoke.

**HB-441-HD-2**

Submitted on: 2/20/2025 9:56:40 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

Thank you for taking the time to read through my testimony.

I am writing in support of HB441 HD2 with amendments. We know that increasing the cigarette tax by at least \$1 is a proven strategy to reduce tobacco use. This means that not only will about 2,400 adults quit smoking with about 100 young adults aged 18-24 quitting as well, there would also be a 7.4% decrease in youth under 18 that smoke. This information, while staggering in the positive impact it can make, isn't even the entire picture. I work to help individuals quit smoking, and my eye is always on the impact that secondhand and thirdhand smoke have on those that don't have any say in the matter, please help give them a voice.

As a people we are always looking at toeing the line of what is permissible within society and allows us to live our lives the way we want to. This increase in cigarette tax by at least \$1 allows for a line to be drawn quite distinctly that Hawai'i would like for that life to be lived with Aloha for those around you and a continued progress towards health improvements and health equity of our whole ohana.

Thank you again for your time.

**HB-441-HD-2**

Submitted on: 2/20/2025 10:20:00 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

I support his bill.

**HB-441-HD-2**

Submitted on: 2/20/2025 10:46:27 AM

Testimony for FIN on 2/21/2025 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-2**

Submitted on: 2/20/2025 10:49:37 AM

Testimony for FIN on 2/21/2025 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-2**

Submitted on: 2/20/2025 11:46:45 AM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

Aloha Chair, Vice Chair and Finance Committee Members,

As a tobacco treatment specialist for over 20 years and former smoker I support with amendments HB441 HD2.

Increasing the cigarette tax by at least \$1 is one strategy we know can reduce tobacco use, and would result in Health Care Cost Savings.

5- Year health care cost savings from fewer smoking -caused lung cancer cases -\$400,000.

5- Year health care cost savings from fewer smoking -affected pregnancies and births -\$210,000

5- Year health care cost savings from fewer smoking- caused heart attacks and strokes-\$250,000

5-Year Medicaid program savings for the state -\$1.06 million

Long - term health care cost savings from adult and youth smoking declines - \$41.22 million.

Additionally the projected annual revenue from increasing the cigarette tax by \$1.00 per pack in Hawai'i would be \$11.46 million.

Thank you for your consideration in voting for HB441 HD2

Valerie Smalley

February 21, 2025

Aloha Chair Yamashita, Vice Chair Takenouchi and members of the House Committee on Finance. Mahalo for this opportunity to submit testimony in support of HB 441, HD2 Relating to Taxation, but urging an amendment to increase the proposed tax amount to \$1.00 per pack, or 5-cents per stick, to fully recognize the health benefits of such a tax increase.

Tobacco taxes have long been proven as an effective way to reduce tobacco consumption, especially among price sensitive young people and people from lower income populations.

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

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

The cigarette companies' regressivity argument fails to account for each of the following facts.

- Increases to state tobacco tax rates will not place any new financial burdens of any kind on the 90 percent of Hawaii adults who neither smoke cigarettes nor buy them.
- While new cigarette tax increases will raise cigarette prices, many current smokers will avoid the higher prices by quitting or cutting back on consumption and lower-income smokers are much more likely than higher-income smokers to quit or cut back in response to price increases. In fact, all of the smokers who quit and many of those who cut back because of cigarette tax increases would actually save money by spending less on cigarettes and to instead invest their dollars on products that potentially can benefit them and their families' health and welfare.
- Those who stop smoking in response to cigarette tax increases would greatly improve their own health, which could also significantly reduce their healthcare costs. Because of their higher rate of illness and disability, smokers have substantially higher annual and lifetime healthcare costs than nonsmokers or former smokers (despite living shorter lives). According to the Hawaii Department of Health, smoking-related health care expenditures total more than \$209,957 per Hawaii smoker. Smoking rate declines caused by a state cigarette tax increase would directly reduce these tobacco-caused tax burdens.
- Any significant state cigarette tax increase also would bring in millions of dollars per year in new government revenues, thereby reducing pressures for other, broader-based tax increases and possibly even making broad-based tax cuts more likely. Cigarette tax increases are also often used as an alternative to cuts to the funding of state government programs that serve low-income communities.
- The smoking declines produced by cigarette tax increases save lives, reduce human suffering, promote the public health, and prevent more kids from becoming addicted to smoking or ultimately dying from it – and these results are disproportionately experienced among low-income persons,

families, and communities.

- Low-income smokers and their communities would also disproportionately benefit if any of the new revenues from cigarette tax increases were directed to new programs to help people quit smoking and prevent kids from starting – both because smoking is more prevalent among low-income persons and because lower-income persons currently have much less access or exposure to any such programs than people with higher incomes.

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

Opposing arguments will be made that an increase in the cigarette tax will negatively impact state revenue. However, according to the Campaign for Tobacco-Free Kids, annual health care costs to Hawaii directly caused by smoking totals \$611 million. Annual Medicaid costs to Hawaii caused by smoking amounts to \$152.3 million. Hawaii residents' state & federal tax burden from smoking-caused government expenditures totals \$955 per person annually. And smoking-caused productivity losses in Hawaii are \$1.1 billion. These amounts do not include health costs caused by exposure to secondhand smoke, smoking-caused fires, or use of non-cigarette tobacco products. Productivity losses are from smoking-caused premature death and illness that prevent people from working. Tobacco use also imposes costs such as damage to property. Clearly, cigarette tax revenue (\$64,013,496 in 2024) pales in comparison to the cost of tobacco use to Hawaii.

Finally, the Hawaii legislature last increased Hawaii’s cigarette tax in 2006, staggering its implementation over five years (a stipulation that favored tobacco companies which allowed them to offset the impact of the tax by offering discount coupons to consumers. The staggered implementation also weakened the potential positive health impact by keeping cigarettes more affordable to existing users, as well as to new potential young users targeted by the companies). Since that time, inflation has decreased significantly not only the value of the cigarette tax in terms of tax revenue value, but particularly in terms of its positive health impact. It’s time to boost cigarette taxes by a minimum of \$1.00 per pack (the lowest amount determined by economic experts to have a meaningful health impact by making it difficult for tobacco companies to dull that health impact through the short-term use of discount offers) to again benefit from the consumption reduction and health benefits for which the tax is intended.

I urge you to support HB 441, HD 2, but to amend the bill by increasing the tax by a minimum one-time \$1.00 per pack (5 cents per stick).

Respectfully submitted,

Don Weisman  
Kailua, HI

**HB-441-HD-2**

Submitted on: 2/20/2025 12:47:17 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

I strongly support HB441 HD2.

**HB-441-HD-2**

Submitted on: 2/20/2025 1:40:31 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Juan He	Individual	Oppose	Written Testimony Only

Comments:

Firstly, Hawaii is known for its high cost of living, with factors such as expensive housing, transportation, and groceries. Adding a tax on cigarettes would further increase the financial burden on individuals and families.

Secondly, it is important to consider the potential regressive nature of the tax. Regressive taxes tend to have a greater impact on lower-income individuals, as they consume a larger portion of their income. In a state like Hawaii, where income disparities are already significant, it is crucial to consider the potential social and economic consequences of imposing a tax that may disproportionately burden those who are already struggling to make ends meet.

In conclusion, opposing Hawaii HB441 can be based on the burden of a tax increase in a state where the cost of living is already high. It is important to consider the potential financial strain on individuals and families, particularly those with lower incomes. Alternative approaches that focus on education and awareness, rather than imposing a tax, may be more effective in addressing the concerns surrounding e-cigarettes without further burdening the residents of Hawaii.

# TESTIMONY IN SUPPORT WITH AMENDMENTS OF HB441 HD2 – INCREASING THE CIGARETTE TAX

## House Committee on Finance

Hearing Date: **Friday, February 21, 2025, at 2:00 PM**

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

My name is **Malia Lehua Ball**, and I am a **Nationally Certified Tobacco Treatment Specialist (NCTTS)** with over a decade of experience working with individuals struggling with nicotine addiction. I am submitting testimony **in support with amendments of HB441 HD2**, which proposes an increase in the cigarette tax.

## Raising the Cigarette Tax Will Reduce Smoking Rates

Decades of research show that **raising the price of cigarettes is one of the most effective strategies to reduce smoking rates**, particularly among youth and low-income individuals. Increasing the cigarette tax by at least **\$1 per pack** is projected to:

- **Help 2,400 adults in Hawai‘i quit smoking**
- **Decrease youth smoking rates by 7.4%**
- **Generate an estimated \$11.46 million in annual revenue**

A higher price creates a financial barrier that discourages people—especially young people—from starting or continuing to smoke.

## Revenue Must Be Reinvested in Tobacco Prevention and Cessation Programs

While I support **raising the cigarette tax**, it is **critical** that the revenue generated **be reinvested into tobacco prevention and cessation programs**, particularly in communities disproportionately impacted by tobacco use. These funds should support:

- **Culturally appropriate cessation programs**
- **Education and prevention efforts in schools**
- **Access to Nicotine Replacement Therapy (NRT) and counseling services**

Without dedicated funding for these programs, we risk leaving behind the very people who need help quitting the most.

## Final Thoughts

As a **Tobacco Treatment Specialist**, I see firsthand how difficult it is for people to quit smoking, especially when they do not have access to **proper support and resources**. Increasing the cigarette tax is a step in the right direction, but we must ensure that **the revenue is used to directly help those trying to quit and prevent new generations from starting**.

I urge the committee to **pass HB441 HD2 with amendments to allocate funding specifically for tobacco prevention and cessation efforts.**

Mahalo for your time and consideration.

**Malia Lehua Ball, NCTTS**

Nationally Certified Tobacco Treatment Specialist

**HB-441-HD-2**

Submitted on: 2/20/2025 3:41:35 PM

Testimony for FIN on 2/21/2025 2:00:00 PM

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

Comments:

Chair Yamashita, Vice Chair Takenouchi and members of the Committee on Finance:

I am in support of HB441 HD2 with amendments. Increasing the cigarette tax by at least \$1 is one strategy we know can reduce tobacco use and would result in more quitting, which in turn would result in lower healthcare costs/burden for our communities.

Additionally, the projected annual revenue from increasing the cigarette tax by \$1.00 per pack would be \$11.46 million.

Again, please support the amendments for HB441 HD2.

Mahalo,

Shelly Ogata, RN, MPH