



**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, RELATING TO CIGARETTE TAXES.

**BEFORE THE:**

HOUSE COMMITTEE ON HEALTH

**DATE:** Wednesday, January 29, 2025      **TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 329

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

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Chair Takayama and Members of the Committee:

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

The purpose of this bill is to increase the tax rate on each cigarette or little cigar sold from 16.00 cents to 18.00 cents. Additionally, the bill amends the disposition of revenues collected at the amended rate by increasing the cigarette tax amount allocated to the Hawaii Cancer Research Special Fund from 2.0 cents to 4.0 cents per cigarette.

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

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

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

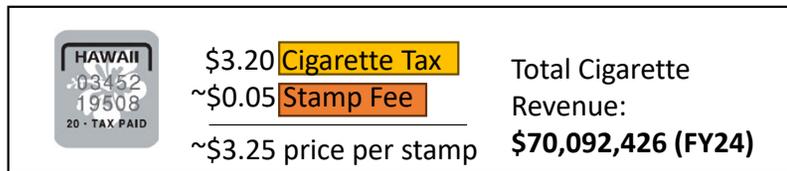
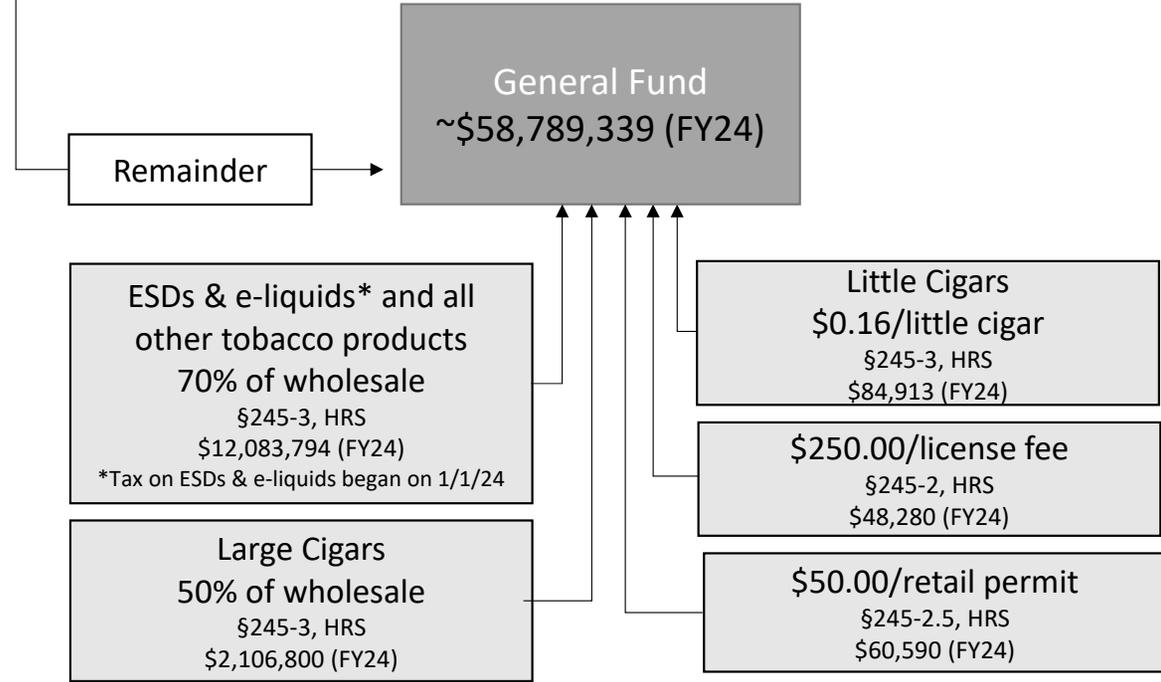
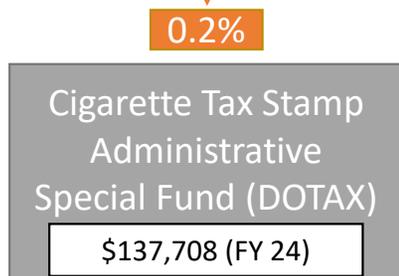
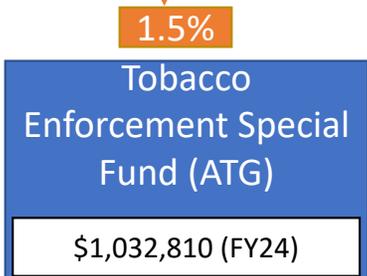
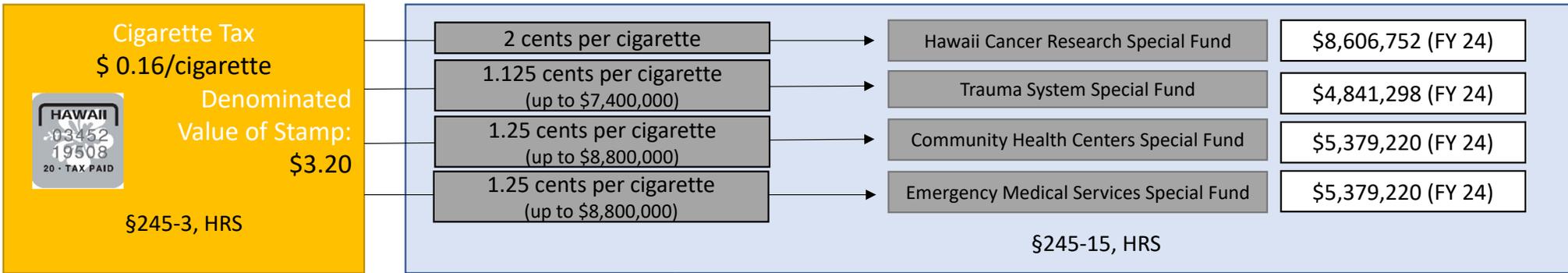
If enforcement is deemed insufficient, tobacco manufacturers may challenge the payment, potentially leading to arbitration and significant financial losses to Hawaii. Hawaii received over \$36.4 million in MSA payments for fiscal year 2023-2024. Recent arbitration decisions found Washington, Missouri,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

The Department recognizes that continued reliance on declining cigarette tax revenue is unsustainable. Therefore, the Department asks that the Committee also consider House Bill No. 1082. House Bill No. 1082 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. For the implementation of a new tax stamp rate, the Department defers to the Department of Taxation.

We respectfully urge the Committee to pass this bill or, alternatively, consider House Bill No. 1082 as a viable option. Thank you for this opportunity to testify.

# CIGARETTE AND TOBACCO TAX AND LICENSE MONEY





STATE OF HAWAII  
DEPARTMENT OF HEALTH  
KA 'OIHANA OLAKINO  
P.O. Box 3378  
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**Testimony in SUPPORT of H.B. 441  
RELATING TO CIGARETTE TAXES**

REPRESENTATIVE GREGG TAKAYAMA, CHAIR  
HOUSE COMMITTEE ON HEALTH

Hearing Date: January 29, 2025

Room Number: Conference Room 329  
and Videoconference

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

5 **Department Testimony:** The Chronic Disease Prevention and Health Promotion Division  
6 provides the following testimony on behalf of the Department. The Department of Health  
7 (DOH) supports House Bill 441 (H.B. 441) which would impose an excise tax equal to 18.00  
8 cents for each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer on and  
9 after July 1, 2025, whether or not sold at wholesale, or if not sold then at the same rate upon the  
10 use by the wholesaler or dealer.

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

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

3 The burden of tobacco use is disproportionately experienced by Hawaii’s communities and  
4 population groups. Due to the intentional marketing practices of the tobacco industry, Native  
5 Hawaiian (17.4%), individuals who identify as lesbian, gay, bisexual or transgender (LGBT)  
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 the  
8 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 Hawaii  
11 in 2021.<sup>6</sup> Each year an estimated 1,400 Hawaii adults die from smoking.<sup>7</sup> The Centers for  
12 Disease Control and Prevention estimates that smoking causes approximately 90% of all lung  
13 cancer deaths and 80% of all deaths from chronic obstructive pulmonary disease (COPD).<sup>8,9</sup>

14 Cigarette smoking also takes a financial toll on the state. The annual estimated health  
15 care costs directly caused by smoking in Hawaii is \$611 million.<sup>10</sup> Smoking-caused government  
16 expenditures result in a tax burden of \$955.00 per household and \$1.1 billion in lost productivity  
17 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 (WHO) recommends that tobacco taxes should be raised  
2 significantly and at regular intervals to ensure that tobacco products do not become more  
3 affordable.<sup>12</sup> The last cigarette tax increase in Hawaii was 14 years ago in 2011<sup>13</sup> and there was  
4 an observed decrease in high school cigarette use from years prior which continued steadily  
5 thereafter.<sup>14</sup>

6           The DOH supports H.B. 441 to increase the excise tax on cigarettes and little cigars and  
7 defers to the State Legislature regarding allocation of revenues.

8           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)

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

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

**BEFORE THE:**

House Committee on Health

**DATE:** Wednesday, January 29, 2025

**TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 329

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

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

H.B. 441 amends section 245-3(a), Hawaii Revised Statutes (HRS), to increase the cigarette tax to 18.00 cents for each cigarette or little cigar sold after July 1, 2025. The bill also amends section 245-15, HRS, to allocate the increase in revenues from the tax to the Hawaii Cancer Research Special Fund.

DOTAX requests that the current effective date of July 1, 2025 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 Health  
Wednesday, January 29, 2025 at 10:00 a.m.

By

Naoto T. Ueno, Director  
University of Hawai'i Cancer Center

And

Michael Bruno, Provost  
University of Hawai'i at Mānoa

#### HB 441 – RELATING TO CIGARETTE TAXES

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

Thank you for the opportunity to present our testimony today. The UH Cancer Center is in **strong support** of HB 441, which would increase the cigarette tax from \$0.16 to \$0.18 per cigarette. Currently, the cigarette tax revenues are allocated where \$0.02 supports Hawai'i's Cancer Center. 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 its inception in 2006, enabling the construction of the UH Cancer Center building and the launching of strategic initiatives to combat cancer. However, due to the success of smoking cessation efforts, this revenue has declined, indicating both progress in public health and a concerning decrease in resources for the initiatives that have fueled this advancement. Now providing less than half the funding compared with that of 2009, this source of revenue is no longer able to support its original intent to provide a top-notch facility, and to invest in the most promising cancer research, clinical care and community outreach.

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

Returns on this investment will be multifold:

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

More than 70,000 people in this state are living with cancer and praying for a cure, and each year 2,300 Hawai'i residents die of this terrible disease. The UH Cancer Center is a leader of the Hawai'i Cancer Consortium, a collaborative network of major healthcare and community partners working to improve cancer outcomes for residents of Hawai'i as well as those in the broader Pacific Rim region: The Queen's Health Systems, Hawai'i Pacific Health, Adventist Health Castle, Kuakini Medical

Center, Hilo Benioff Medical Center, Hawai'i Medical Service Association (HMSA), and UH Mānoa's John A. Burns School of Medicine. Cigarette tax funding has supported and provided the infrastructure for developing evidence-based programs to understand the health behaviors underlying tobacco use, including:

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

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

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

Funding the UH Cancer Center enables it to provide for:

- Attracting committed and world-class researchers and clinical investigators with start-up packages; such new faculty recruits will increase federal grants and groundbreaking discoveries in cancer prevention, treatment, and care;
- Addressing the shortage of specialized oncology practitioners in Hawai'i;
- Attracting pharmaceutical companies that will partner with the UH Cancer Center and hospitals to fund clinical trials for patients in 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 a wise investment to keep Hawai'i at the forefront of cancer research, and ensure that our communities receive the care and resources they need and deserve. Prioritizing the UH Cancer Center through this tax change is not merely a fiscal decision, but a statement of our collective commitment to the health and prosperity of Hawai'i's people. The benefits of this investment will resonate far beyond the immediate fiscal year, strengthening a steadfast path toward a future where cancer can be effectively combatted.

Thank you for this opportunity to testify.

Wednesday, January 29, 2025 at 10:00 am  
Conference Room 329 & Videoconference

**House Committee on Health**

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

From: Ray Vara  
President & CEO

**Re: Testimony in Support of HB 441  
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** which increases the cigarette tax by 2 cents and allocates the increase in the cigarette tax amount to the Hawai'i Cancer Research special fund.

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

The decline in cigarette tax revenue has been due to successful cessation programs in which the Cancer Center has been a collaborative partner. This underscores the need for sustained state support to continue these vital efforts. The declining revenue from the cigarette tax which has resulted from declining cigarette sales has had a negative impact on the Cancer Center's ability to maintain the cutting-edge research it is engaged in. Unless the Cancer Center can compensate for the loss of revenue and obtain the additional funds it will not be in a position to grow its research capacity, attract world-class researchers and clinical investigators, address specialized oncology practice shortages, attract partnerships for clinical trials, and support its ongoing early phase clinical trials.

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

Thank you for the opportunity to testify.



## **HB441 Cigarette Taxes**

COMMITTEE ON HEALTH

Rep. Gregg Takayama, Chair

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

Wednesday, Jan29, 2025: 10:00: Room 329 Videoconference

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

*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.

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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.

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Hawai'i Cancer Research Special Fund

BILL NUMBER: HB 441

INTRODUCED BY: GARRETT, CHUN, Evslin, Kapela, Keohokapu-Lee Loy, Kila, La Chica, Marten, Olds, Sayama

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

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

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

EFFECTIVE DATE: July 1, 2025.

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

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

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

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

The problem is that lawmakers also like the revenues that are generated from the sales of these products, and, in some cases, they have tried to link the use and sale of these products with noble causes such as the funding of the Cancer Research Center that is

currently being built. Again, the argument is that smokers should pay for programs and projects which seek to cure the related ill which in this case is cancer caused by smoking.

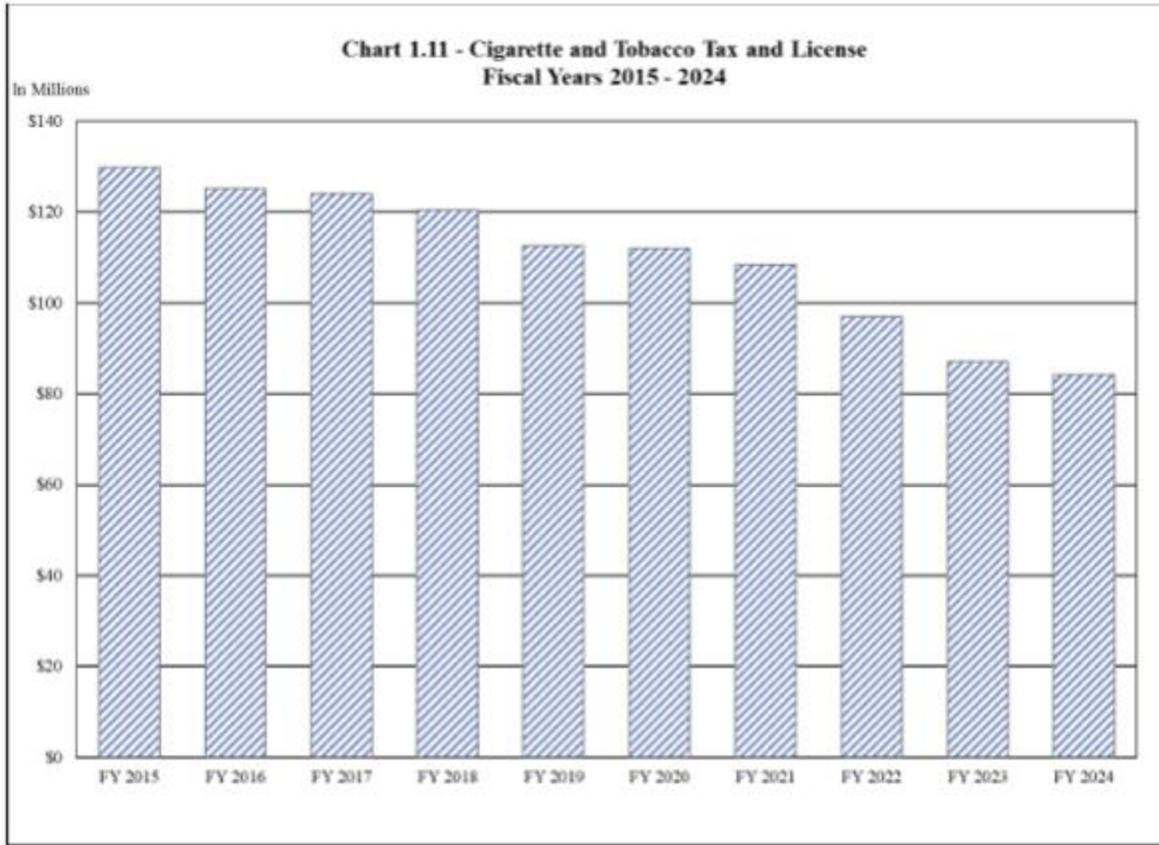
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers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

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

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

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

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



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

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

EFFECTIVE DATE: July 1, 2025.

Digested: 1/24/2025



## **HB441 Cigarette Taxes**

COMMITTEE ON HEALTH

Rep. Gregg Takayama, Chair

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

Wednesday, Jan29, 2025: 10:00: Room 329 Videoconference

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

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

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

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

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

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



**Testimony to the House Committee on Health  
Wednesday, January 29, 2025; 10:00 a.m.  
State Capitol, Conference Room 329  
Via Videoconference**

**RE: HOUSE BILL NO. 0441, RELATING TO CIGARETTE TAXES.**

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

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 0441, RELATING TO CIGARETTE TAXES.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

The bill, as received by your Committee, would increase the Cigarette and Tobacco Tax by two cents per cigarette and specify that the revenues collected from this increase be deposited into Hawaii Cancer Research Special Fund.

The bill would take effect on July 1, 2025 and apply to fiscal years beginning after June 30, 2025.

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

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



## THE QUEEN'S HEALTH SYSTEMS

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

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

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

Date: January 29, 2025

Re: Support for HB441: Relating to Cigarette Taxes

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

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



## Hawaii Medical Association

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

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

Date: January 29, 2025  
From: Hawaii Medical Association (HMA)  
Jerald Garcia MD - Chair, HMA Public Policy Committee

**RE HB 441 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.

**2024 Hawaii Medical Association Officers**

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

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

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

**HB-441**

Submitted on: 1/27/2025 4:46:33 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

Oppose.



**TESTIMONY OF TINA YAMAKI  
PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
JANUARY 29, 2025  
HB 441 RELATING TO CIGARETTE TAX**

Good morning, Chair Takayama and members of the House Committee on Health. 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 Relating to Cigarette Taxes. This measure 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.

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 fueling 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.

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.



## HIPHI Board

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

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

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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: January 27, 2025

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

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

Hrg: Wednesday, January 29, 2025 at 10:00 AM, Room 329

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The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute,<sup>1</sup> is in **support of HB 441 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 (to 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 2,400 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 support 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 and asks you to pass this measure out of committee with the requested amendments.

Mahalo,

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

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

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

2 Boonn, A., Chaloupka, F. J., & Henkle, D. (2024). (publication). *New Revenues, Public Health Benefits & Cost Savings From a \$1.00 Cigarette Tax Increase in Hawaii.*

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

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

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

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

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

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

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

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

6 Boonn, A., Chaloupka, F. J., & Henkle, D. (2024). (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.



Date: January 27, 2025

To: Rep. Gregg Takayama, Chair  
House Committee on Health

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

Re: **Comments: HB 441, Relating to Cigarette Taxes**

Dear Chair Takayama,

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

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



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

Hearing Date: Wednesday, January 29, 2025

**ACS CAN SUPPORTS WITH AMENDMENTS HB 441 – 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 AMMENDMENTS** HB 441: Relating to Cigarette Taxes.

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

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

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

ACS CAN calls on you to increase the amount of the cigarette tax increase contained in this bill to a 5 cent per cigarette increase (or a \$1.00 per pack of cigarettes increase). Increasing the tax

on cigarettes by \$1.00 per pack would generate \$10.84 million in new annual revenue as well as reduce youth smoking by 6.9%, help 2,000 adults who smoke quit, and save 500 lives. This would allow additional funding for the UH Cancer Center while improving the health of our state by reducing tobacco use.

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



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

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

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

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

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

12.24.24 ACS CAN / January 24, 2025

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

## **Explanations & Notes**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Committee  
Members**

Annaleah Atkinson  
808 652-7743

Regina Floyd  
702 292-2372

Brian Foster  
808 639-3529

Kristen Greene  
808 346-0386

Doug Haigh  
808 635-1120

Diana Harvey  
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808 651-7211

Ryan Moen  
808 651-0726

Tommy Noyes  
808 639-1018

Jessica Pinson  
937 901-5818

Doug Shannon  
909 496-1188

Valerie Woods  
808 822-2420

Ron Wiley  
808 245-9527

Tom Worthen  
435 994-0023



January 27, 2025

House Committee on Health  
Rep. Gregg Takayama, Chair, Rep. Sue L. Keohokapu-Lee Loy, Vice Chair  
Rep. Terez Amato, Rep. Jenna Takenouchi, Rep. Cory M. Chun, Rep. David Alcos III, Rep. Lisa Marten,  
Rep. Diamond Garcia, and Rep. Ikaika Olds; Committee Members

**Strong Support for HB 441 — RELATING TO CIGARETTE TAXES**

*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.*

Aloha Chair Takayama and Committee Members,

Mahalo for considering legislation to increase the cigarette tax and amend the distribution of those revenues. Your resolute courage is needed to advance this bill to law. While your mandate is to serve Hawai'i's voters and their children, this bill may very well be killed, gutted, undermined, or deviously opposed by the massively powerful tobacco industry. The tobacco industry is not the friend of your constituents, and the health and well-being of Hawai'i's citizenry is not their concern.

Figures compiled by the American Cancer Society peg Hawai'i's annual health care expenditures directly caused by tobacco use at \$611 million, and project these significant public health benefits for Hawai'i if the proposed cigarette tax rate increase currently in HB 441 is made law:

Percent decrease in youth (under age 18) smoking:	7.4%
Youth under age 18 kept from becoming adults who smoke:	800
Reduction in young adults who smoke (18-24 years old):	100
Current adults who smoke who would quit:	2,400
Premature smoking-caused deaths prevented:	700
5-Year reduction in the number of smoking-affected pregnancies and births:	90
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 & strokes:	\$250,000
5-Year Medicaid program savings for the state:	\$1,060,000
Long-term health care cost savings from adult & youth smoking declines:	\$41,220,000

*1.12.24 ACS CAN / February 7, 2024*

On behalf of your constituents' health, please advance this progressive legislation.

Best regards,

/s/ Tommy A. Noyes

General Coordinator

The Friends of Kamalani and Lydgate Park

**Testimony before the Hawaii House of Representatives Committee on Health  
Regarding Increasing the Tax on Combustible Cigarettes**

**Lindsey Stroud, Senior Fellow  
Taxpayers Protection Alliance  
January 29, 2025**

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

Thank you for your time today to discuss increasing that state excise tax rate on combustible cigarettes to fund various health care 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.

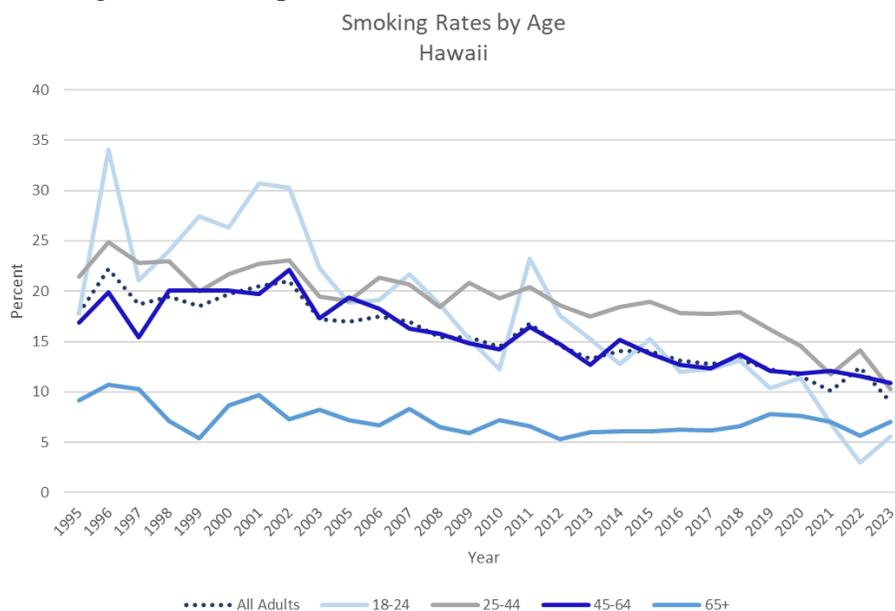
**Key Points:**

- 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.
- 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 adults who had earned less than a high school education, 18.7 percent were currently smoking in 2023, compared to 5.9 percent of college graduates.
- Youth combustible cigarette use is at record lows with only 12.1 percent of high school students reporting having ever-trying a cigarette, and 3 percent reporting past-month use in 2023.
- Low-income and less-educated individuals smoke at significantly higher rates than their higher-income, more educated counterparts. Hawaiian adults earning \$25,000 or less annually are three times more likely to smoke than those earning \$50,000 or more.
- Between 2003 and 2023, smoking rates for adults earning \$50,000 or more decreased by 53.4 percent, compared to only a 16.6 percent reduction among those earning \$25,000 or less. Smoking rates among lower-income adults even saw a slight annual increase (0.4 percent) during this period, compared to a 3.3 percent annual reduction among higher-income earners.

- Adults in Hawaii without a high school diploma or G.E.D. are 3.9 times more likely to smoke than college graduates. Smoking rates among less-educated individuals decreased by only 25.5 percent between 2003 and 2023, compared to a 48.9 percent reduction among college graduates.
- 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

In 2023, according to the most recent data from the Centers for Disease Control and Prevention, an estimated 102,737 adults (or 9 percent of Hawaiians) were currently smoking.<sup>1</sup> 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.



Among all adults earning \$25,000 annually or less in 2022, nearly one-fifth (18.7 percent) reported currently smoking, compared to only 5.9 percent of adults who earned \$50,000 or more per year. Less educated adults were more likely to smoke, with 18.7 percent of adults with less than a high school diploma or G.E.D. smoking in 2023 compared to only 5.9 percent of Hawaii adults who had earned a college degree.

### Youth Cigarette Use

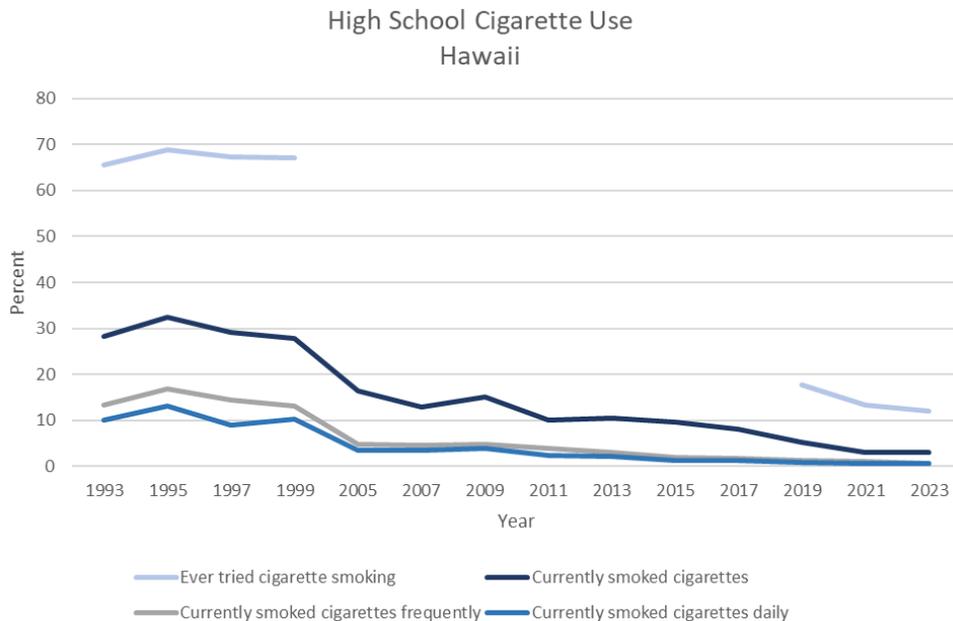
Youth use of cigarettes is at record lows in the Aloha State, while youth use of vapor products has significantly declined since peaking in 2019.

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:

- 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

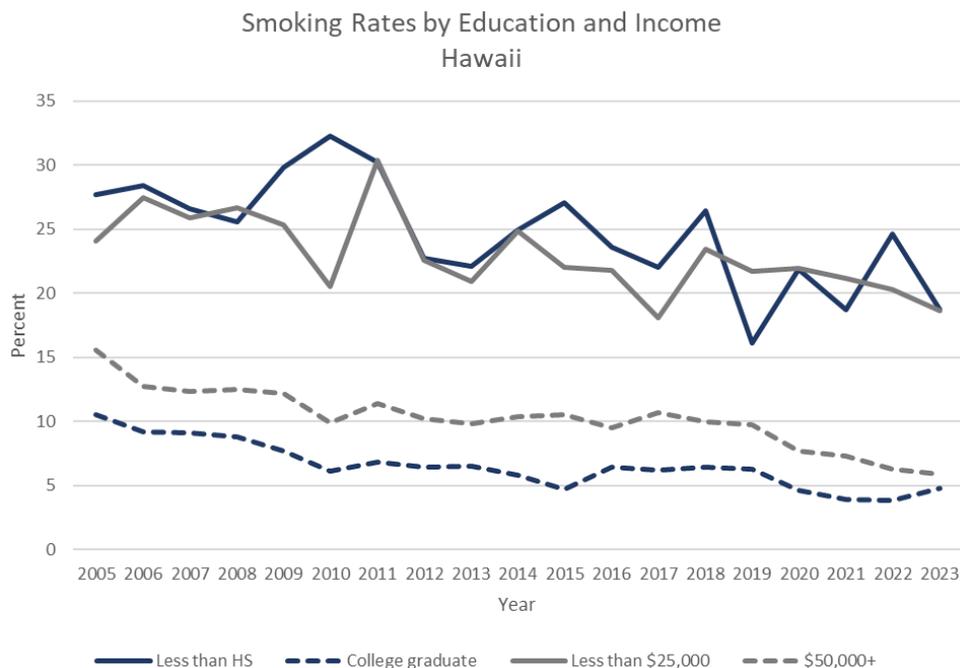


With record lows in youth combustible cigarette use, additional excise taxes are not necessary to address youth tobacco use.

### **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**

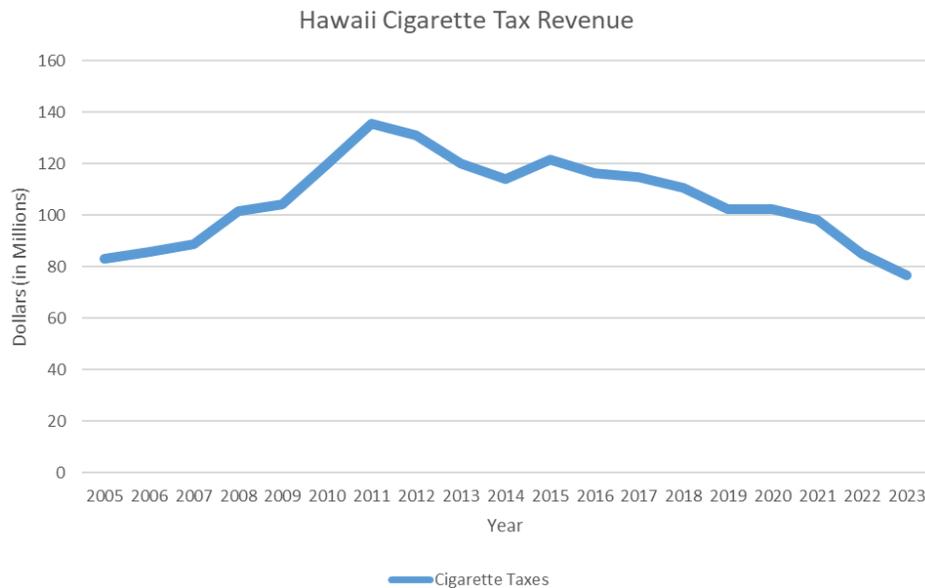
The proposed tax increase is being earmarked to fund special health care programs, yet cigarette tax revenue is down from previous years, and has significantly declined in the past 20 years. Moreover, the last cigarette tax increase only led to a few years of increased tax revenue, as cigarette excise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

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## **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 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> Lindsey Stroud, “Tobacco & Vaping 101: Hawaii,” Taxpayers Protection Alliance, January 24, 2024, <https://www.protectingtaxpayers.org/analysis/tobacco-vaping-101-hawaii-4/>.

<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 25–44-year-olds, 10.9 percent of 45–64-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 low income and low education 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 25–44-year-olds, 10.9 percent of 45–64-year-olds, and 7 percent of adults aged 65 years or older were currently smoking combustible cigarettes. Between 2022 and 2023, smoking rates among 18- to 24-year-olds increased by 86.7 percent, yet they decreased among 25–44-year-olds by 27.6 percent and among 45–64-year-olds by 6.5 percent. Smoking rates increased by 22.8 percent among adults aged 65 years or older.

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.

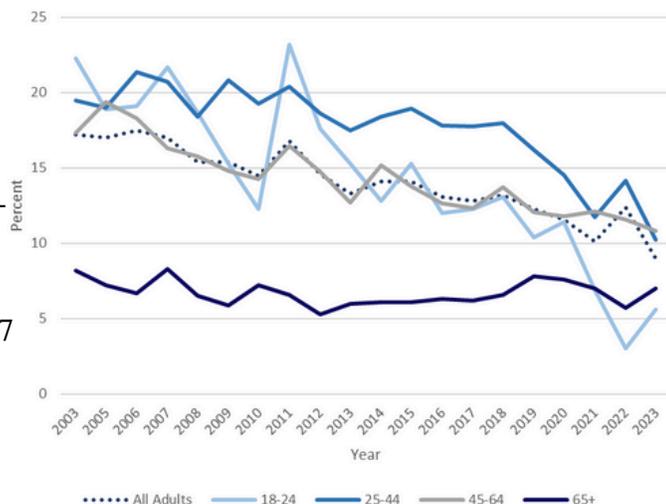
In Hawaii, Native Hawaiian/Pacific Islander adults reported smoking at a greater percentage of their identified race at 13.1 percent. This is compared to 12.8 percent of Multiracial (non-Hispanic) adults, 11.7 percent of Hispanic adults, 9.3 percent of Black adults, 7.9 percent of White adults, and 6.1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

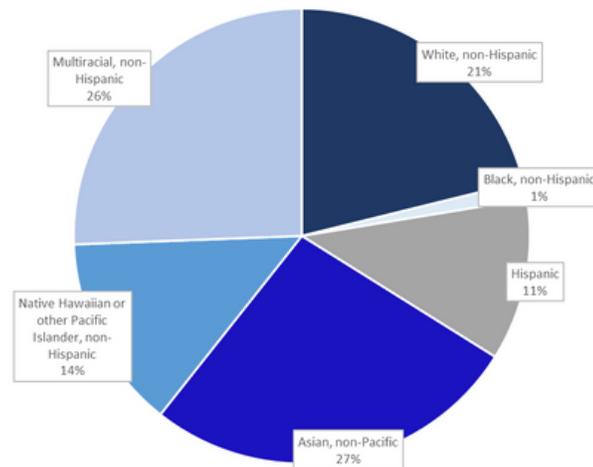
In 2023, an estimated 115,294 Hawaii adults (or 10.1 percent) were currently using e-cigarettes. This is a 14.8 percent increase from 2022 when 8.8 percent reported current e-cigarette use. There were an estimated 14,774 additional adults vaping in 2023 compared to 2022. There has been a 134.9 percent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

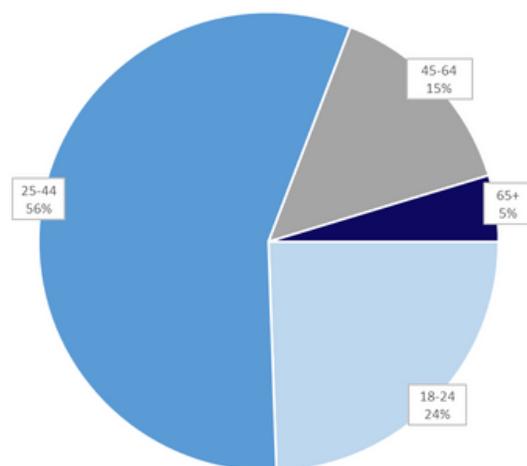
Adult Smoking Rates by Age  
Hawaii



Percent of Adults Who Smoke, by Race  
Hawaii 2023



Percent of Adults Who Vape, by Age  
Hawaii 2023

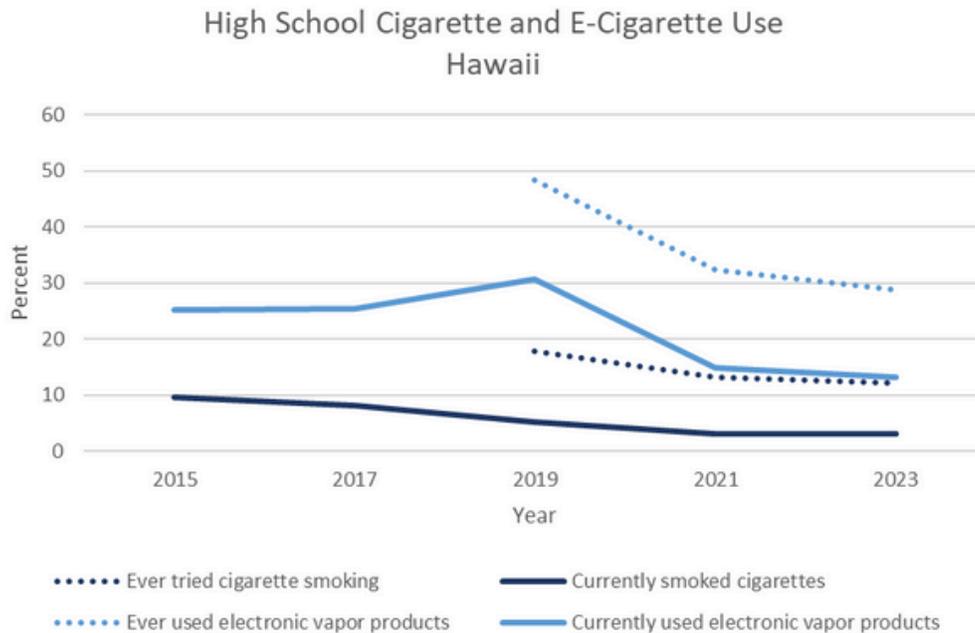


# Tobacco & Vaping 101: Hawaii 2025

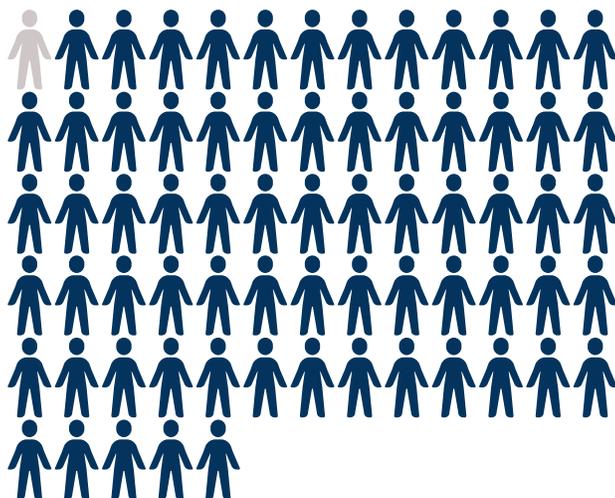
## Youth Combustible Cigarette and E-Cigarette Use

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 over who were currently smoking. For every one high schooler 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 over who were currently vaping. For every one high schooler 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



**Key**

- = 1 High School Student
- = 1 Adult 18 years or older

# Tobacco & Vaping 101: Hawaii 2025

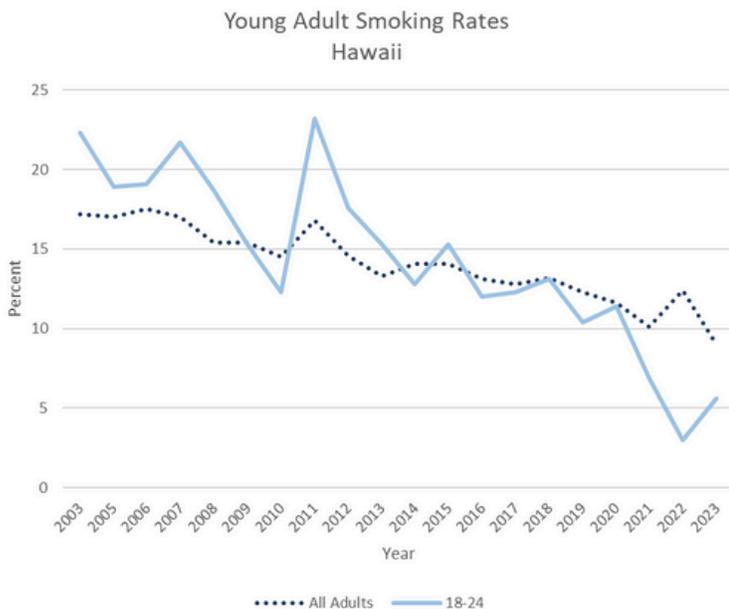
## Young Adult Cigarette Use

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.

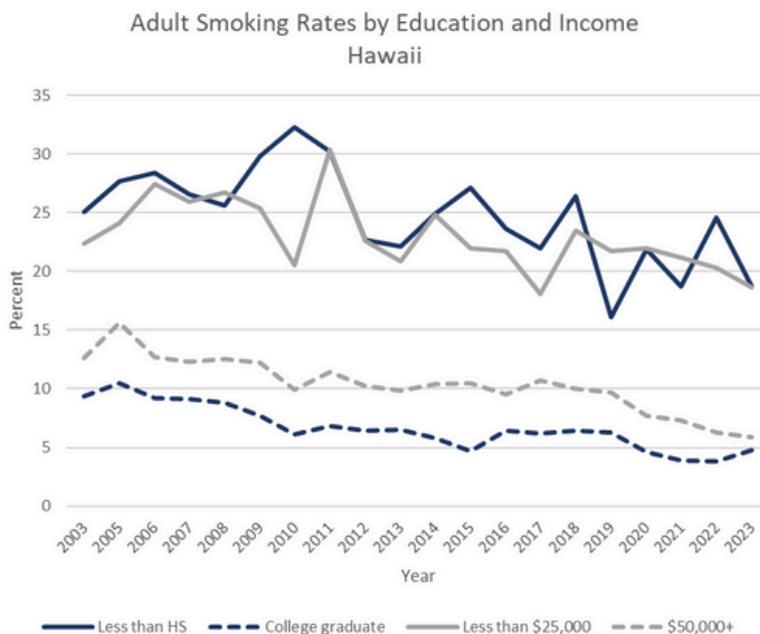


## Effects of Cigarette Excise Taxes

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

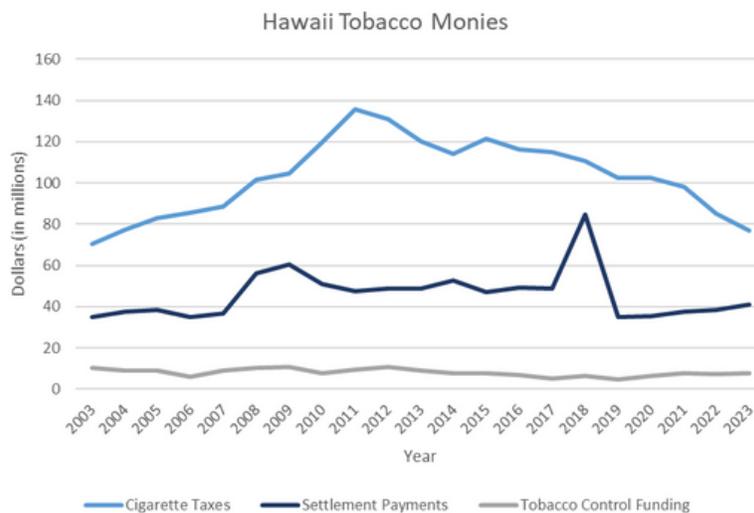
## Tobacco Monies

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>.



Hawaii COPD Coalition

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(808)699-9839

January 28, 2025

Honorable Chair Representative Takayama  
Honorable Vice-Chair Representative Keohokapu-Lee Loy  
Members of the House Committees on Health

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

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

This measure is extremely critical to the health of the children of our state and our entire state as well. **Please pass HB441**, which would **raise the cigarette tax but AMEND the tax so that it is increased at least \$1 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.

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 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

**HB-441**

Submitted on: 1/23/2025 5:28:31 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

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**HB-441**

Submitted on: 1/24/2025 3:55:08 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lynn Murakami Akatsuka	Individual	Support	Written Testimony Only

Comments:

I strongly support the passage of HB 441 Relating to Cigarette Taxes 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 Research Special Fund.

This will enable the Cancer Research Center of Hawaii to provide funding to sustain the cancer research, education, patient care and community outreach to residents in Hawaii and the Pacific area.

Thank you for the opportunity to provide written testimony in strong support of the passage of HB 441 in this legislative session.

**HB-441**

Submitted on: 1/24/2025 4:19:19 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Nicholas Winters	Individual	Oppose	Written Testimony Only

Comments:

I don't want to get beat up with more taxes.

**HB-441**

Submitted on: 1/25/2025 10:49:42 AM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

I am in strong support of HB 441, and encourage our leaders to pass this bill to increase the Cigarette Tax and pass that increase on to the Hawaii Cancer Reserach Special Fund. This increase in revenue is imperative to support our local community in fighting cancer.

Date: January 25, 2025

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

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

Hrg: Wednesday January 29, 2025 at 10:00 am via Videoconference Conference Room 329

Aloha House Committee on Health,

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

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

**I respectfully request the Committee to amended HB 441 to raise the tobacco tax by \$1.00/pack**, which will result in an estimated:

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

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

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

Many thanks for your consideration,

Forrest Batz, PharmD  
Keaau, HI

**HB-441**

Submitted on: 1/26/2025 11:21:38 AM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

Support this bill.

The tax rate has not changed for 13 years.

This modest increase of 2 cents would assist the UH Cancer Center would stabilize funding to the Center which has done incredible work in cancer prevention and care.

## HB 441 Relating to Cigarette Tax

To the HLT Committee:

I am submitting this testimony relating to cigarette taxes 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. I suggest that HB 441 be amended to increase cigarette taxes to \$1 per pack, instead of 40 cents. Not only will there be a larger decrease in smoking, but the increase in state revenue is predicted to be \$11.46 million per annum.

I am encouraged that the State Legislature is attacking the problem of tobacco use by using this taxation tool. My only concern is the relatively modest increase in cigarette taxes. I think we can do better and medical studies support this.

Respectfully submitted,  
Linda Weiner, MD  
Kauai

**HB-441**

Submitted on: 1/27/2025 10:37:36 AM

Testimony for HLT on 1/29/2025 10:00:00 AM

<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 wright this in support of HB 441 but asking for an increase in the tax amount please. We have not raised the cigarette tax in Hawaii 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**

Submitted on: 1/27/2025 12:40:55 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

This overtaxing is already destroying that tax base. It's basic demand-cost economics. Where is the future money for the Research Center coming from or is it the plan to allow the funding to dry up?

**HB-441**

Submitted on: 1/27/2025 2:00:02 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

We desperately need to pass HB 441 in a show of support for the UH Cancer Center. Increasing the cigarette tax by a mere two cents will help the Center continue its mission dedicated to saving lives in Hawaii and the Pacific by conquering cancer. The Center is a top-notch research facility that benefits the state not only by its academic excellence but also through economic contributions.

Hawaii must step up and commit to supporting the Center for years to come and let Dr. Ueno and staff concentrate on what they know best, saving lives.

**HB-441**

Submitted on: 1/27/2025 5:17:39 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kathy Kim	Individual	Oppose	Written Testimony Only

Comments:

Stop attacking us with more taxes.

Testimony Presented Before the  
House Committee on Health  
Wednesday, January 29, 2025 at 10:00 a.m.

By

Diane T. Ono

Community Volunteer and Retired Attorney

HB 441 RELATING TO CIGARETTE TAXES

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

I provide this testimony in strong support of HB 441, which increases the cigarette tax from 16 cents to 18 cents per cigarette. The current cigarette tax revenue allocation for the Hawaii Cancer Research Special Fund is \$0.2 per cigarette; the bill proposes an additional \$0.2 for a total of \$0.4 per cigarette.

My daughter Mari was diagnosed with leukemia when she was four years old. Today, Mari is 32 years old and married with a 2-1/2 year old son, my grandson. She has a career in digital marketing at one of our large local banks. I share this with you because Mari was a fortunate participant in a clinical trial administered by the University of Hawai'i Cancer Center. She received her treatment at Kapi'olani Medical Center, both on an in-patient and out-patient basis.

A cancer diagnosis, especially in one's child, is nothing I would wish upon anyone. As her mother, I was there for all of Mari's two and a half years of treatment. Without a doubt, I know it was the clinical trial that saved her life. She was able to receive state of the art treatment with careful and fastidious monitoring.

Mari's clinical trial was built on years of research and clinical trials that continually refined the treatment and survival rates. Over 50 years ago, during my lifetime, most children died when they were diagnosed with the type of leukemia Mari had. This medical miracle came about through cancer research and clinical trials.

Of course she had a superb medical team comprised of an oncologist, nurse practitioner, oncology nurse and others. The medical team followed a road map laid out in the clinical trial. This resulted in the best possible outcome – her survival and ability to thrive. Mari continues to be followed by Hawaii Pacific Health's Adult/Young Adult Clinic. A key role of the University of Hawai'i Cancer Center is making available clinical trials for our citizens who are diagnosed with cancer.

I strongly encourage you to prioritize the needs of the University of Hawai'i Cancer Center as an investment in the health and wellbeing of the people of our state. I sincerely hope you will pass HB 441.

Thank you for allowing me this opportunity to provide testimony.

**HB-441**

Submitted on: 1/27/2025 11:27:23 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

Aloha,

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

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

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

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

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

Sincerely,

Bryan Mih, MD MPH FAAP

Pediatrician

Medical Director, Kapi'olani Smokefree Families

**HB-441**

Submitted on: 1/28/2025 7:45:52 AM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

I plan to testify in person.

**HB-441**

Submitted on: 1/28/2025 11:07:45 AM

Testimony for HLT on 1/29/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sabrina Spencer	Individual	Oppose	Written Testimony Only

Comments:

Strongly Opposed.

**HB-441**

Submitted on: 1/28/2025 12:33:21 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

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

I am in support of HB441 and would support a \$1.00 increase on the cigarette tax. We already know that raising cigarette taxes is a strong deterrent. It has been proven to help reduce the smoking rates of adults in the state and also reducing the amount of youth smokers in the state.

Additionally the projected annual income by the increase would be \$11.46 million .

Thanks for your consideration on the approval of this bill.

Valerie Smalley

**HB-441**

Submitted on: 1/28/2025 12:43:27 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

Aloha,

My name is Jami Fukui and I am a medical oncologist, cancer researcher and concerned citizen. For the health of our community, it is vitally important to support HB441. This bill increases the cigarette tax by 40 cents, directed to the Cancer Research Special Fund.

The national comprehensive cancer network strongly supports cessation of tobacco products to prevent future malignancy recurrence or development. Not only is smoking a risk factor for lung cancer but also for breast cancer for which Hawai'i has one of the highest rates of in the nation. In addition, smoking leads to increased surgical complications and attenuation of life saving cancer treatments and contributes to poorer health outcomes.

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

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

**HB-441**

Submitted on: 1/28/2025 7:24:25 PM

Testimony for HLT on 1/29/2025 10:00:00 AM

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

Comments:

**SUPPORT**

RE: Strong Support of HB441 – RELATING TO CIGARETTE TAXES

**Written Testimony**

My name is Joshua Fowler, and I am a volunteer and advocate with the American Cancer Society - Cancer Action Network. I am writing to express my strong support for HB441, which increases the cigarette tax and allocates the revenue increase to the Hawaii Cancer Research Special Fund.

**Why This Matters:**

- **Public Health Benefits:** Higher cigarette taxes have been proven to reduce smoking rates, especially among youth and lower-income individuals.
- **Funding for Cancer Research:** Allocating additional tax revenue to the Hawaii Cancer Research Special Fund ensures continued progress in cancer treatment and prevention.
- **Reducing Healthcare Costs:** Smoking-related illnesses contribute significantly to healthcare expenditures. Discouraging smoking through higher taxes ultimately reduces the burden on the state’s healthcare system.
- **Aligning with Other States:** Many states have increased cigarette taxes to combat smoking rates effectively. Hawaii should follow suit to maintain its leadership in public health.

**Looking at Other States:**

- **Success Stories:** States such as New York and California have seen a decline in smoking rates following significant cigarette tax increases.
- **Revenue Allocation Best Practices:** Other states have successfully used cigarette tax revenues to fund healthcare initiatives, cancer research, and smoking cessation programs.

Thank you for the opportunity to testify. I urge the committee to support HB441 and prioritize both public health and cancer research funding through this crucial legislation.

With gratitude,  
Joshua Fowler  
Honolulu, Hawaii