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GOVERNOR

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DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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To: The Honorable Ryan I. Yamane, Chair;  
The Honorable Adrian K. Tam, Vice Chair;  
and Members of the House Committee on Health, Human Services &  
Homelessness

From: Isaac W. Choy, Director  
Department of Taxation

Date: February 5, 2021  
Time: 8:30 A.M.  
Place: Via Video Conference, State Capitol

**Re: H.B. 476, Relating to Taxation**

The Department of Taxation (Department) offers the following comments on H.B. 476 for your consideration.

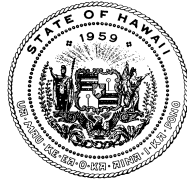
H.B. 476 subjects e-liquid cartridges and e-liquid to the tobacco tax under chapter 245, Hawaii Revised Statutes (HRS). It makes several related amendments such as amending the title of chapter 245, requiring wholesalers and retailers of e-liquid cartridges and e-liquid to obtain licenses and permits to operate, amending definitions, and making conforming amendments to other parts of the tax law to treat e-liquid cartridges and e-liquid like cigarettes and tobacco products. The measure is effective on July 1, 2021.

First, the Department recommends the effective date of this measure be amended. The Department respectfully requests that the effective date be changed to January 1, 2022. This will allow sufficient time to make the form, instruction, and computer system changes required by this measure.

Second, the Department suggests a technical amendment. On page 10, lines 12-13, the phrase "but is not limited to," is deleted. The Department suggests keeping this language as it allows for reasonable enforcement of the law in unforeseen scenarios that technically fall outside the scope of the serialized list that follows.

Lastly, on page 34, the Department recommends the amendment to section 245-31, HRS, be changed to instead delete section 245-31, HRS, entirely. That section creates a reporting requirement redundant with the Department's authority to already collect this information on the return under section 245-5, HRS.

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



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

**Testimony in SUPPORT of H.B. 476**  
**RELATING TO TAXATION**

REPRESENTATIVE RYAN I. YAMANE, CHAIR  
HOUSE COMMITTEE ON HEALTH, HUMAN SERVICES, AND HOMELESSNESS

Hearing Date: 2/5/2021

Room Number: Videoconference

1 **Fiscal Implications:** The Department of Health (DOH) defers to the Department of Taxation  
2 (DOTAX) for fiscal implications of implementation and to the Department of the Attorney  
3 General (AG) for fiscal implications for enforcement.

4 **Department Testimony:** The DOH supports, and offers amendments to, House Bill 476 (H.B.  
5 476) as a public health measure to address Hawaii's youth vaping epidemic. This measure  
6 establishes new taxes for some e-liquid products and amends relevant sections to reference these  
7 new definitions. H.B. 476 extends permitting requirements to include taxed e-liquids and  
8 classifies failures to obtain a permit as a petty misdemeanor. H.B. 476 also addresses record  
9 keeping of taxed e-liquids, delivery sales, and directs the DOTAX to adopt rules related to  
10 products shipped out of the State. The DOH offers recommendations on amendments for parity  
11 and consistency.

12 Electronic smoking devices (ESDs), also known as e-cigarettes, have become the most  
13 commonly used tobacco products among youth in the United States and in Hawaii. The 2019  
14 Youth Risk Behavior Survey reported that cigarette smoking among Hawaii high school students  
15 decreased to 5.3%, a 73.5% reduction from 20% in 2000. At the same time youth ESD use has  
16 continued to rise. High school youth experimentation with ESDs grew from 22% in 2015 to

1 48% percent in 2019. In 2015, over one in four (26%) high school students reported being  
2 current users, and today it is almost one in three (31%).<sup>1</sup>

3 In Hawaii, ESDs are not taxed like other tobacco products and often can be purchased at  
4 lower prices than cigarettes. According to the U.S. Surgeon General, increasing the price of  
5 tobacco products is the single most effective way to reduce consumption.<sup>2</sup> Data from the  
6 University of Illinois report that increasing the price of ESDs by 10% has been shown to lead to  
7 a 10% to 18% reduction in the demand and consumption of ESDs – a higher price elasticity  
8 compared to combustible cigarettes. Increasing the price of tobacco products has the greatest  
9 impact on youth, who are particularly price sensitive.<sup>3</sup> The DOH recommends the imposition of  
10 an excise tax equal to 70% of the wholesale price of each e-liquid and ESD to be consistent with  
11 the tax on other tobacco products. Achieving tax parity for all tobacco products will protect  
12 against price disparities and the resultant migration from one product to another in the event that  
13 some products are significantly more affordable.

14 The DOH supports H.B. 476 as a means to address the youth vaping epidemic and  
15 offers recommended amendments to use standardized definitions, and achieve tax parity with  
16 other tobacco products and consistency with other tobacco control laws.

17 **Offered Amendments:**

18 Delete page 9, line 12 through page 10, line 6 and insert the following three definitions:

19 "E-liquid" means any liquid or like substance, which may or may not contain nicotine, that is  
20 designed or intended to be used in an electronic smoking device, whether or not packaged in a  
21 cartridge or other container. E-liquid shall not include prescription drugs; medical cannabis or  
22 manufactured cannabis products pursuant to chapter 329D; or medical devices used to

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<sup>1</sup> National Youth Risk Behavior Survey, Hawaii and the United States (2019)

<sup>2</sup> U.S. Department of Health and Human Services. [Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General](#). Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2012 [accessed 2018 Jan 22].

<sup>3</sup> Chaloupka, F. Macro-Social Influences: The Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products, 1 *Nicotine & Tobacco Research* S105 (Supp. 1 1999)

1 aerosolize, inhale, or ingest prescription drugs, including manufactured cannabis products  
2 manufactured or distributed in accordance with section 329D—10(a)”

3 ""Tobacco products" means [~~tobacco~~]: (1) Tobacco in any form, other than cigarettes or little  
4 cigars [~~that is prepared or intended for consumption or for personal use by humans, including~~  
5 ~~large cigars and any substitutes thereof other than cigarettes that bear the semblance thereof,~~  
6 ~~snuff, chewing or smokeless tobacco, and smoking or pipe tobacco.] that is intended for human~~  
7 consumption, or is likely to be consumed whether smoked, heated, chewed, absorbed, dissolved,  
8 inhaled, or ingested by other means; (2) E—liquid; or (3) Electronic smoking device. Tobacco  
9 products includes but is not limited to large cigars and any substitutes thereof other than  
10 cigarettes that bear the semblance thereof, pipe tobacco, chewing or smokeless tobacco, snuff,  
11 snus, e—liquid, electronic smoking device, any cartridge or other component part of the device  
12 or product, and related products."

13 "Smoke" or "smoking" means inhaling, exhaling, burning, carrying, or possessing any lighted or  
14 heated tobacco product, or similar substance intended for human consumption, including the use  
15 of an electronic smoking device that creates an aerosol or vapor, in any manner or in any form."

16 Delete page 27, line 7 through line 17 and insert the following:

17 (14) An excise tax equal to seventy per cent for each e-liquid cartridge sold, used, or possessed  
18 by a wholesaler or dealer on and after July 1, 2021, whether or not sold at wholesale, or if not  
19 sold then at the same rate upon the use by the wholesaler or dealer; and

20 (15) An excise tax equal to seventy per cent of the wholesale price of open system e-liquid sold,  
21 used, or possessed by a wholesaler or dealer on and after July 1, 2021, whether or not sold at  
22 wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer.

23

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



**Testimony to the House Committee on Health, Human Services, & Homelessness  
Friday, February 5, 2021; 8:30 a.m.  
State Capitol, Conference Room 329  
Via Videoconference**

**RE: HOUSE BILL NO. 0476, RELATING TO TAXATION.**

Chair Yamane, Vice Chair Tam, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **COMMENTS** on House Bill No. 0826, RELATING TO TAXATION.

The bill, as received by your Committee, would:

- (1) Apply the Cigarette Tax and Tobacco Tax Law, Chapter 245, Hawaii Revised Statutes, to E-liquid, E-liquid cartridges, and electronic smoking devices;
- (2) Require wholesalers and dealers to be licensed; and
- (3) Require retailers to obtain permits.

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

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

As a matter of principle, the HPCA urges the banning of these products.

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).



February 3, 2020

To: The Honorable Rep Ryan Yamane, Chair  
The Honorable Rep Adrian Tam, Vice Chair

From: Scott Rasak, VOLCANO Vape Shops  
Chief Operating Officer

RE HB476– oppose.

Thank you for the opportunity to submit testimony.

VOLCANO is the largest independent retailer & wholesaler of vapor products and vaping accessories in the State of Hawaii. We currently own and operate 16 locations statewide and employ over 80 full-time workers to support sales of our products not only here in Hawaii, but to most USA states as well as over 30 International countries. We stand in opposition to HB476 for the following:

- Most recently, the FDA has issued updated guidance on vapor products which limit a flavor restriction to prefilled pods such as the Juul device which has been proven in the recent CDC Youth Tobacco Risk Survey to be the #1 brand choice for youth usage. This is a measured approach to an issue The FDA purposefully left the “open tank” market off their guidance for flavor restrictions because they want to keep the adult users and industry participants insulated from a blanket ban that would send adults back to cigarettes and put 15,000 small businesses out of business & 100,000 people out of work nationally.
- Vapor products and e-liquids contain NO tobacco, often times contain NO nicotine, and ultimately emit NO smoke when vaporized; yet HB476 deceptively refers to vapor products as “Electronic Smoking Devices” to mislead the public and creates a false perception of the nature of these products. This misclassification establishes the idea that vapor products are the same as tobacco products and thus, should be viewed, controlled, and perceived the same way as traditional tobacco products. This is a complete disregard of the fact that vapor products are fundamentally different from tobacco products in every way.
- HB476 states in its justification that the bill and its regulations are needed to curb youth usage. However, it fails to mention the latest available CDC report that shows youth use of all tobacco products, including e-cigarettes are at the lowest levels ever. Furthermore, a study done the following year at the University of Michigan found that the majority of youth who have reported using e-cigarettes are not using e-liquids that contain nicotine - further suggesting that youth who do use ecigarettes are doing so to replace the use of traditional tobacco.  
o <https://www.cdc.gov/media/releases/2017/p0615-youth-tobacco.html>
- The most Recent CDC report has shown e-cigarettes have supplanted all other traditional nicotine replacement therapies and are now the most commonly used product by consumers to quit using traditional tobacco cigarettes  
o [http://www.journalnow.com/business/business\\_news/local/cdc-report-shows-moresmokers-try-to-quit-with-e/article\\_a33383f3-5300-5178-9f14-28b52884c45c.html](http://www.journalnow.com/business/business_news/local/cdc-report-shows-moresmokers-try-to-quit-with-e/article_a33383f3-5300-5178-9f14-28b52884c45c.html)
- A recent study published by the New England Journal of Medicine concluded that ECigarettes



are twice as effective for smoking cessation than traditional nicotine replacement therapy products which are not taxed or controlled the same way this bill proposes to tax and control E-Cigarettes. The state should be creating easier access for these products, not tighter regulations that steers vapers back towards tobacco cigarettes

o <https://www.nejm.org/doi/full/10.1056/NEJMoa1808779>

- A recent study by the National Academy of Sciences, Engineering, and Medicine stated: "there is conclusive evidence that completely substituting e-cigarettes for combustible tobacco cigarettes reduces users' exposure to numerous toxicants and carcinogens present in combustible tobacco cigarettes." The findings add to the already weighty body of evidence showing vaping to be far less hazardous than smoking.

o <http://www.washingtonexaminer.com/landmark-e-cigarette-report-explodes-myththat-vaping-is-as-toxic-as-smoking/article/2646804>

o [http://nationalacademies.org/hmd/reports/2018/public-health-consequences-of-ecigarettes.aspx?utm\\_source=Hootsuite&utm\\_medium=Dashboard&utm\\_campaign=SentviaHootsuite](http://nationalacademies.org/hmd/reports/2018/public-health-consequences-of-ecigarettes.aspx?utm_source=Hootsuite&utm_medium=Dashboard&utm_campaign=SentviaHootsuite)

- Vapor Products are not the same as tobacco products, and thus, should not be regulated in the same fashion. Vapor products have not been demonstrated to have the same detrimental effects of combustible tobacco products and have otherwise been shown in recent studies to be as much as 95% less toxic than traditional Cigarettes. Creating extraneous regulations that aim to limit access only serves to protect deadly tobacco markets.

o [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/457102/Ecigarettes\\_an\\_evidence\\_update\\_A\\_report\\_commissioned\\_by\\_Public\\_Health\\_England\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457102/Ecigarettes_an_evidence_update_A_report_commissioned_by_Public_Health_England_FINAL.pdf)

- HB476 justification states that without taxing vapor products, "smokers may be tempted to purchase less expensive products such as e-liquid". This is false. Virtually all e-cigarette starter kits and bottles of e-liquid are already higher priced in comparison to tobacco cigarettes.

- Most troubling is the fact that by subjecting vapor products to this proposed tax, the additional costs to consumers will likely result in the state seeing less tax revenue, and even worse, former smokers returning to tobacco use. The tax will result in current vapor users purchasing from online vendors who would not be subject to state taxes. Local manufacturers, wholesalers and retailers would be put at a massive competitive disadvantage and most retail customers would send their money out-of-state effectively lowering the tax revenue already being generated by sales of vapor products here in the state. We would be unable to compete in other out-of-state and international markets with competitors who are not subjected to the same tax, which would put our local operations in severe jeopardy meaning an immediate loss of jobs and existing revenues. This bill would also effectively reduce access to a modified risk product that has been a public health win and would simply prop up and protect the proven deadly tobacco market.

It is our belief that this continuing unjustified classification and requirements are not in the best interests of the State of Hawaii. Thank you for your time and consideration. If you have any questions, please feel free to contact me directly.

Sincerely,



VOLCANO®

Scott Rasak  
Chief Operating Officer  
VOLCANO Vape Shops  
197 Sand Island Access Rd. #213  
Honolulu, HI 96819  
[scott@volcanoecigs.com](mailto:scott@volcanoecigs.com)





To: The Honorable Representative Ryan Yamane, Chair  
The Honorable Representative Adrian K Tam, Vice-Chair  
Committee on Health Human Services & Homelessness

Hrg: February 5, 2021 at 8:30am, Room 329

From: Trish La Chica, Community and Government Relations Manager, External  
Affairs

RE: **HB476, Relating to Taxation – Support with Comments**

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AlohaCare appreciates the opportunity to provide testimony in support of **HB476**, which would create a tobacco tax on e-liquids and require licensing and permitting for electronic smoking devices.

Founded in 1994, AlohaCare is a community-rooted, non-profit health plan serving 73,000 Medicaid and dual-eligible health plan members on all islands. Our mission is to serve individuals and communities in the true spirit of aloha by ensuring and advocating access to quality health care for all. We believe that health is about supporting whole-person care, including access to housing and food security, to build a stronger, healthier Hawaii.

AlohaCare believes this measure is an important step to regulating an industry that has gone too long without any oversight. When there is no regulation, there is no accountability. This measure would mandate that e-cigarette retailers need to possess the appropriate retail tobacco permit to sell e-cigarettes and liquids, resulting in better oversight of this rapidly growing industry.

AlohaCare believes that this measure will help to create more policy parity between e-cigarettes and other tobacco products. AlohaCare respectfully requests that the existing tax rate on wholesale products be applied to electronic smoking devices, as higher prices are proven to reduce consumption and initiation of tobacco products.

We appreciate the legislature's intent to ensure that e-liquids are treated as tobacco products and bring these products closer to parity in taxation. We believe that this should apply to all e-liquid products capable of being used in an electronic smoking device, whether or not they are packaged in a cartridge or other container.

We are grateful to the Committee for hearing HB476 and the opportunity to testify.



## **HB476 Tax e-Liquid and E-Cigarette**

COMMITTEE ON HEALTH, HUMAN SERVICES & HOMELESSNESS:

- Rep Ryan Yamane, Chair; Rep. Adrian Tam, Vice Chair
- Friday, Feb. 5, 2021: 8:30 am: Videoconference

## **Hawaii Substance Abuse Coalition Supports HB476:**

*GOOD MORNING CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization of over 30 substance use disorder and co-occurring mental health disorder treatment and prevention agencies.*

### **HSAC is in full support to tax, both for the economic recovery and out of major concern for our children:**

- Given the Surgeon General's warning about the dangers of vaping, especially by the historic rise in its use by youth, allocating taxes can help to reduce consumption and increase revenues for economic recovery.
- The danger to children is a growing major public health concern.
- Excise taxes and the continuing increase in taxes has proven to help people quit or sustain cessation.

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

**HB-476**

Submitted on: 2/3/2021 8:54:37 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
azaya mandini	Irie Hawaii Waimea	Oppose	No

Comments:

There shouldn't be a tax on vape products

**HB-476**

Submitted on: 2/3/2021 8:58:04 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Juliette Devost	Irie Hawaii	Oppose	No

Comments:

E-juice products have helped many people quit smoking cigarettes. Taxing E-juice products on top of the prices will not help people towards quitting any tobacco products that damage their health. Taxing tobacco and e-juice will effect people to see them as the same which will result in people smoking the same amount if not more tobacco products.



American  
Heart  
Association.

American Heart Association comments for HB476,  
"Relating to Taxation"

The American Heart Association supports the intent of HB476 but recommends amendments.

**Chairman of the Board**

Glen Kaneshige

**President**

Michael Lui, MD

**Board Members**

Rick Bruno, MD, FACEP

Jackie De Luz

Brandt Farias

Jason Fujita

Mimi Harris

Zia Khan, MD

Brandon Kurisu

Arnold Martines

Michael Rembis, FACHE

Andrew S. Rosen

Timothy Slottow

Jennifer Walker

The American Heart Association supports taxing electronic smoking devices but feels that the tax should create parity with the taxes already applied to traditional cigarettes and other tobacco products. The taxes proposed under HB476 fall well below a level of parity. **The Association recommends that an excise tax be set at 70 percent of the wholesale price of the gross proceeds from the retail sale of each electronic smoking device sold.** Without parity with other tobacco products, electronic smoking devices would remain more attractive to Hawaii youths.

In addition, the definitions in HB476 for electronic smoking devices are too narrow and leave possible gaps that would allow newer devices untaxed. In fact, the proposed definitions may not cover all current e-cigarettes. It is unclear where disposable e-cigs would fall - as "e-liquid cartridge," "open system e-liquid," or as devices? Disposable e-cigarettes are in pre-filled and sealed disposable containers, but they are not "used with an electronic smoking device" because they are devices already containing e-liquid. The word "can" in the "e-liquid cartridge" definition may cause confusion and may not be sufficient to ensure disposables are included. So, it is possible that disposables would then be considered "electronic smoking devices," and since the proposed tax specifically only applies to "e-liquid cartridges" and "open system e-liquid" but not devices, disposables wouldn't be taxed at all. This is a major concern because disposables have grown in popularity with youth, and this possible loophole needs to be eliminated so that those and any new electronic smoking devices that come onto the market in the future would be subject to the tax. **The American Heart Association recommends that the definitions be amended to include "e-liquid, electronic smoking devices containing e-liquid, and components or parts containing e-liquid."**

Mahalo for opportunity to recommend amendments to HB476 to begin reducing Hawaii's youth electronic cigarette epidemic.

Respectfully submitted,

Don Weisman

Government Relations/Communications Director

*Serving Hawaii since 1948*

**Our Mission:**

"To be a relentless force for a world of longer, healthier lives."

For more information on the AHA's educational or research programs, visit [www.heart.org](http://www.heart.org) or contact your nearest AHA office.



February 2, 2021

To: Chair Yamane  
Vice Chair Tam  
House Committee on Health, Human Services, and Homelessness

RE: **SUPPORT for HB476**

Thank you for this opportunity to testify in **SUPPORT** of **HB476**. Blue Zones Project was brought to Hawai'i by HMSA to help increase the overall well-being of our communities and make Hawai'i a healthier, happier place to live, work, and play. To accomplish that goal, we address ways that we can lower rates of obesity, tobacco use, and chronic disease.

HB4596 would create a tobacco tax on e-liquids and require licensing and permitting of electronic smoking device wholesalers and retailers. It is well known that taxing tobacco products and cigarettes are proven strategies to reduce youth initiation and encourage those who smoke or use tobacco products to quit. In addition, licensing and permitting of retailers and wholesalers are critical for education and enforcement of existing laws.

Electronic smoking devices are a direct attack on our communities and especially affect our youth. Research shows that chemicals used in flavorings of ESD liquid, such as Diacetyl and acetyl propionyl, are not approved by the FDA for inhalation and, when inhaled, are associated with respiratory disease.<sup>12</sup> High doses of diacetyl have also been shown to cause acute-onset bronchiolitis obliterans, a severe and irreversible obstructive lung disease when inhaled.<sup>3</sup> Additionally, human lung cells that are exposed to ESD aerosol and flavorings are shown to increase oxidative stress and inflammatory responses.<sup>4</sup> Due to the urgency of this public health crisis, we urge our policymakers to support this bill.

Thank you for this opportunity to testify in support of HB476.

Sincerely,

Colby Takeda, MPH, MBA  
Senior Manager

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<sup>1</sup> CDC (2018). Quick facts on the risks of e-cigarettes for kids, teens, and young adults. Retrieved from [https://www.cdc.gov/tobacco/basic\\_information/e-cigarettes/Quick-Facts-on-the-Risks-of-E-cigarettes-for-Kids-Teens-and-Young-Adults.html](https://www.cdc.gov/tobacco/basic_information/e-cigarettes/Quick-Facts-on-the-Risks-of-E-cigarettes-for-Kids-Teens-and-Young-Adults.html)

<sup>2</sup> Konstantinos E. Farsalinos, KE; Kistler, KA; Gilman, G; Voudris, V., "Evaluation of electronic cigarette liquids and aerosol for the presence of selected inhalation toxins," *Nicotine and Tobacco Research* 17(2): 168-174, February 2015.

<sup>3</sup> "Preventing Lung Disease in Workers: Who Use or Make Flavorings," National Institute for Occupational Safety and Health. DHHS (NIOSH) Publication Number 2004-110, December 2003.

<sup>4</sup> Lerner CA, Sundar IK, Yao H, Gerloff J, Ossip DJ, McIntosh S, et al. "Vapors Produced by Electronic Cigarettes and E-Juices with Flavorings Induce Toxicity, Oxidative Stress, and Inflammatory Response in Lung Epithelial Cells and in Mouse Lung," *PLoS ONE* 10(2): e0116732, February 6, 2015.



## COMMITTEE ON HEALTH, HUMAN SERVICES, & HOMELESSNESS

Rep. Ryan I. Yamane, Chair  
Rep. Adrian K. Tam, Vice Chair

Friday, February 5, 2021 8:30AM  
Testimony in Support, With Amendments for House Bill 476, Relating to Taxation

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

**The American Lung Association in Hawaii supports the intent of this legislation and asks for the following amendments:**

1. **Include disposable e-cigarettes in the definition of devices included in this legislation.** Disposable e-cigs are in pre-filled and sealed disposable containers, but are not "used with an electronic smoking device" because they are devices with e-liquid already in them, and therefore may cause confusion for retailers and a loophole for the industry.
2. **Bring tax parity with other tobacco products.** The current language of this bill makes the taxes for electronic devices lower than other types of tobacco. Research has shown that increasing taxes on tobacco decreases its use, particularly amongst youth. Bringing tax parity between electronic smoking devices and other tobacco products has the best chance for reducing our youth vaping rates.
3. **Invest in tobacco cessation for youth.** As Hawaii currently only spends a 66% of what are the Centers for Disease Control and Prevention recommended spending levels for tobacco control<sup>1</sup>, we recommend a portion of this new tax revenue to be reserved to support Hawaii's cessation resources for youth.

The need for Hawaii to protect youth from tobacco is more urgent than ever, with youth e-cigarette use reaching epidemic levels. According to the Centers for Disease Control, in 2019 nearly every 1 in 3 high schoolers in Hawaii vape regularly. This is an over 70% increase in youth vaping rates since 2017. Native Hawaiians and Pacific Islanders have even higher vaping rates than the youth state average.<sup>1</sup>

The American Lung Association in Hawaii urges legislators to continue to support and advocate for policies to protect youth from tobacco use through tax parity. We support the intent of House Bill 476 and welcome the suggested edits to make this bill even stronger.



Pedro Haro  
Executive Director  
American Lung Association in Hawaii  
pedro.haro@lung.org

<sup>1</sup> American Lung Association (2021, January). State of tobacco control - Hawaii.



Corey Rosenlee  
President  
Osa Tui, Jr.  
Vice President  
Logan Okita  
Secretary-Treasurer  
Wilbert Holck  
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
HEALTH, HUMAN SERVICES & HOMELESSNESS

RE: HB 476 - RELATING TO TAXATION

FRIDAY, FEBRUARY 5, 2021

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Yamane and Members of the Committee:

The Hawaii State Teachers Association **supports HB 476**, relating to taxation. This bill establishes taxation of e-liquids used in electronic smoking devices. Requires wholesalers and dealers to be licensed. Requires retailers to obtain permits.

**We are concerned that the definitions in this bill for "e-liquid cartridge" and "open system e-liquid" may not capture the disposable e-cigarettes that are popular with youth. Instead, we recommend using the broader definition of electronic smoking devices to avoid potential loopholes.**

**We also recommend creating policy parity between electronic smoking devices and other tobacco products through the Other Tobacco Product (OTP) tax, which is 70% of the wholesale price.**

Taxing tobacco products and cigarettes is a proven strategy to reduce youth initiation and encourage those who smoke or use tobacco products to quit. Licensing and permitting of retailers and wholesalers are critical for education and enforcement of existing laws.

The use of e-smoking products among youth is at epidemic levels. According to data from the Centers for Disease Control and Prevention and the Food and Drug Administration's National Youth Tobacco Survey, **the percentage of high school-age children reporting past 30-day use of e-cigarettes rose by more than 75 percent between 2017 and 2018. Use among middle school-age children also increased nearly 50 percent.** Furthermore, 1 in 5 high school students reported using e-cigarettes in the past month according to the Surgeon General. **Locally,**



**Hawaii's 2017 Youth Risk Behavior Survey revealed that over 42% of Hawaii high school students have tried using electronic smoking devices and over 25% of Hawaii high school students indicated that they are regular users. Our schools are seeing a rise in cases of e-cig use even in our elementary schools now.**

Adolescence is a time of crucial brain development; it has been documented that nicotine exposure during adolescence and young adulthood can cause addiction and harm the developing brain. Additionally, nicotine is not the only harmful ingredient in electronic smoking devices; other harmful and potentially harmful ingredients include ultrafine particles that can be inhaled deep into the lungs, flavorants such as diacetyl, a chemical linked to serious lung disease, volatile organic compounds, and heavy metals such as nickel, tin, and lead.

**The electronic cigarette industry has gone largely unregulated for far too long and has therefore been able to market their products both directly and indirectly to our youth. It is time that regulation of the e-cigarette industry be on par with the regulation of traditional tobacco products. As such, we should align taxation of electronic smoking device products to that of other tobacco products.** Because taxation of tobacco products is a proven strategy to reduce usage among youth, this bill would help deter children from not only trying e-cigarettes but also from becoming habitual users of these products.

**Furthermore, the allocation of a portion of excise tax funds to go towards health education, prevention, and nicotine cessation programs extends protections for our youth and goes hand in hand with the regulations outlined in this bill as well as a portion of the collections going to our state's general fund to shore up our lost revenue as a state.**

Because research shows that increasing the cost of tobacco products, through taxes, decreases the amount used by youth. The price point does matter. We respectfully ask you to **support** this bill.



American Cancer Society  
Cancer Action Network  
2370 Nu'uau Avenue  
Honolulu, Hi 96817  
808.432.9139  
[www.fightcancer.org](http://www.fightcancer.org)

House Committee on Health, Human Services, & Homelessness  
Representative Ryan Yamane, Chair  
Representative Adrian Tam, Vice Chair

#### HB 476 – RELATING TO TAXATION

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

Thank you for the opportunity to provide comment on HB 476: RELATING TO TAXATION which would establish taxation of e-liquids used in electronic smoking devices, require wholesalers and dealers to be licensed and requires retailers to obtain permits.

ACS CAN supports regular and significant tax increases on all tobacco products, including e-cigarettes, to reduce tobacco use and we thank Chair Ryan Yamane for recognizing the importance of taxing e-cigarettes.

ACS CAN recommends defining e-cigarettes as a tobacco product and regulating them as such. To maximize health and revenue gains, simplify tax collections, and make many dangerous and addictive products that are attractive to kids cost prohibitive, ACS CAN recommends taxing all e-cigarettes as a tobacco product at a percent of their price parallel to the cigarette tax rate.

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.

Thank you for the opportunity to comment on this matter.



Date: February 4, 2021

To: The Honorable Ryan Yamane, Chair  
Members of the House Committee on Health and Human Services

From: Liza Ryan Gill, Campaign Manager, Campaign for Tobacco-Free Kids HI

Re: **SUPPORT with Comments for HB476, Relating to Taxation**

Hrg: February 5, 2021 at 8:30am

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Thank you for the opportunity to submit comments on HB476, which would establish taxation for electronic smoking devices and the e-liquids used in them.

The Campaign for Tobacco-Free Kids' goal is to protect children and save lives from the leading cause of preventable death: tobacco use. We envision a future free of death and disease caused by tobacco and support policies that will help us achieve those goals.

The need for us to act quickly has never been more urgent, as new tobacco products have come to market in sweet candy flavors aimed at attracting our youth. Hawai'i has one of the highest rates of middle school students who vape in the US and nearly one in three of our high schoolers have used an e-cigarette in the last 30 days. Of those youth who use e-cigarettes, more than 80% of them use flavored products.

Taxation of tobacco products is a proven strategy that improved the health of residents, and helps to balance budgets. Nationally, every 10 percent increase in cigarette prices reduces consumption by about four percent. Taxing e-cigarettes is an important tool to curb this dramatic rise in e-cigarette use.

The e-cigarette tax established in this bill is a great first step in seeking to address this issue. When coupled with strong regulatory protections, and an end to the sale of flavored tobacco products, will result in real wins for our youth.

In addition to a comprehensive approach to addressing this critical issue, we recommend that a stronger definition be considered. We are concerned that the current definitions for "e-liquid" and "open system e-liquid" may leave out popular devices used by youth here in Hawai'i.

Furthermore, as we have learned across the country, any effective tobacco tax establishes parity in taxation among tobacco products. Without such parity, youth will continue to gravitate to lower price, lower taxed options.

Mahalo,

Liza Ryan Gill, Campaign for Tobacco-Free Kids HI



LATE

## HIPHI Board

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MacKinnon LLP*

Date: February 3, 2021

To: Representative Ryan I. Yamane, Chair  
Representative Adrian K. Tam, Vice Chair  
Members of the Health, Human Services, and Homelessness  
Committee

Re: Support for HB 476, Relating to Taxation

Hrg: February 5, 2020 at 8:30 AM in Conference Room 329

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The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute<sup>i</sup> **Supports the Intent on HB 476** and offers recommendations. HB 476 establishes a tax on e-liquids used in electronic smoking devices, creates new definitions for e-liquid, e-liquid cartridge, electronic smoking device, open system e-liquid, and unit of open system e-liquid, requires wholesalers and dealers to be license, and retailers to obtain permits.

The Coalition supports the intent of HB 476 however, this bill falls short of achieving tax parity for e-cigarettes. The Coalition respectfully offers the following **recommendations**:

The Coalition prefer language used in HB 993 which:

- (1) includes e-liquid and electronic smoking devices within the definition of "tobacco products" as used in the cigarette tax and tobacco tax law;
- (2) Establishes a tax at the same rate as other tobacco products, 70% of other tobacco products;
- (3) Requires electronic smoking device wholesalers obtain a tobacco license and retailers obtain a tobacco permit.

### **E-cigarette use among youth and young adults has become a public health concern.**

In 2019, 1 in 3 (30.6%) public high school students and more than 1 in 6 (18%) public middle school students in Hawai'i reported that they are regularly vaping<sup>ii</sup>. Because ESDs remain unregulated, e-cigarette companies have aggressively marketed their products by glamorizing their use, using celebrities and young adults as endorsers, and making

false health claims. E-cigarettes often contain nicotine, which is addictive and harmful particularly to adolescents, whose brains are still developing. A 2016 report by the Surgeon General concluded that cigarettes are dangerous and a health threat to youth and young adults<sup>iii</sup>. According to an article published by Dr. Jackler and Dr. Ramamurthi, “JUUL has triggered a widespread rush among aerosol purveyors to market e-liquid in unprecedentedly high nicotine concentrations<sup>iv</sup>.”

**Electronic smoking devices (ESDs) are the only tobacco product without a tobacco tax.**

In 2016, the FDA deemed e-cigarettes, including its components and parts as tobacco products. In a poll<sup>v</sup> conducted by Ward Research Inc. for the Coalition in October 2020, 91% of registered Hawai'i voters were in support of taxing e-cigarettes at the same rate as cigarettes or other tobacco products. Because ESDs are not subject to current State tobacco tax laws, they are seen as lower-priced tobacco alternatives with virtually no restrictions that can be appealing to the youth. A local retailer is selling 30mL of e-liquid, some with strengths up to 50 mg of nicotine per mL, for as little as \$2.99<sup>vi</sup>. Some companies have starter kits for \$0.99. Raising taxes and increasing the price of tobacco products is a proven strategy to reduce consumption for both adults and youth.

In May 2020, Stanford University published a landmark study<sup>vii</sup> that found teens and young adults that use e-cigarettes had a five to seven times greater chance of being diagnosed with COVID-19 than those that did not use e-cigarettes. Considering the 2019 YRBS results that documented an increase in youth e-cigarette use, this finding is incredibly concerning. To put this into perspective, there are 52,042 high school students enrolled in Hawai'i public schools. Using the most recent YRBS data, that translates to nearly 16,000 Hawai'i high schoolers that used an e-cigarette in the last 30 days, and may be five to seven times more likely to be diagnosed with COVID-19 than their nonsmoking peers. Global pandemic or not, these numbers are unacceptable, and there is an increased urgency for regulatory action in light of the increased risk of COVID-19. With no end in sight for the COVID-19 crisis, it is imperative that Hawai'i passes comprehensive legislation regulating e-cigarettes to curb usage and protect the health of our keiki.

The former Surgeon General, VADM Jerome Adams issued an advisory in December 2018 “emphasizing the importance of protecting our children from a lifetime of nicotine addiction and associated health risks by immediately addressing the epidemic of youth e-cigarette use. The recent surge in e-cigarette use among youth, which has been fueled by new types of e-cigarettes that have recently entered the market, is a cause for great concern. We must take action now to protect the health of our nation’s young people<sup>viii</sup>.” Hawai'i has made enormous progress on tobacco control and we ask the legislature to take the necessary steps to reverse our youth vaping epidemic in order to save our youth from a lifetime of addiction.

Thank you for the opportunity to testify.

Mahalo,

Julian Lipsher  
Coalition for a Tobacco-Free Hawai'i Policy Workgroup Chair

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

The Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

<sup>ii</sup> 2019 Youth Risk Behavior Surveillance System (YRBS). Available at: [www.cdc.gov/yrbs](http://www.cdc.gov/yrbs). Accessed on 02/03/2021.

<sup>iii</sup> U.S. Department of Health and Human Services. *E-cigarette Use Among Youth and Young Adults, a Report from the Surgeon General (2017)*. From [https://e-cigarettes.surgeongeneral.gov/documents/2016\\_SGR\\_Exec\\_Summ\\_508.pdf](https://e-cigarettes.surgeongeneral.gov/documents/2016_SGR_Exec_Summ_508.pdf)

<sup>iv</sup> Jackler RK, Ramamurthi D. Tob Control Epub ahead of print: 2.6.19.doi:10.1136/tobaccocontrol-2018-054796. <https://tobaccocontrol.bmj.com/content/early/2019/01/31/tobaccocontrol-2018-054796>

<sup>v</sup> This study by Ward Research, Inc. summarizes findings from a phone survey among n=800 Hawaii registered voters (maximum sampling error +/-3.3%), conducted between September 21 – October 16, 2020.

<sup>vi</sup> <https://volcanoecigs.com/collections/nicotine-salt-e-liquids/products/beard-vape-the-salty-one-apple-nicotine-salt-30ml?variant=29461231992855> on January 29, 2020

<sup>vii</sup> <https://med.stanford.edu/news/all-news/2020/08/vaping-linked-to-covid-19-risk-in-teens-and-young-adults.html>

<sup>viii</sup> Surgeon General Advisory, December 2018, <https://e-cigarettes.surgeongeneral.gov/documents/surgeon-generals-advisory-on-e-cigarette-use-among-youth-2018.pdf>

**Committee on Health Human Services, and Homelessness**  
**Testimony: House Bill 476**  
**Guy Bentley, director of consumer freedom**  
**Reason Foundation**  
**February 5, 2021**

Chair Yamane, committee members, thank you for allowing me to present testimony on House Bill 476.

My name is Guy Bentley, and I'm the director of consumer freedom at the Reason Foundation, a 501(c)3 nonprofit think tank. The consumer freedom project analyzes and promotes public policy solutions that improve public health while avoiding unintended consequences and protecting consumer choice.

Taxing e-cigarettes presents a very different policy challenge to that of taxing traditional cigarettes. Cigarette taxes are necessary to ensure smokers who may later contract smoking-related diseases do not impose additional healthcare costs on non-smokers. E-cigarettes, however, are a dramatically safer form of nicotine consumption.<sup>1</sup> Nicotine is one of the principal addictive agents in cigarettes but is not the cause of smoking-related disease, which stems from combustion and inhaling the resulting smoke. Since e-cigarettes do not involve combustion, they've been found to be substantially safer.<sup>2</sup>

Research published in the New England Journal of Medicine (NEJM) shows e-cigarettes to be almost twice as effective as nicotine replacement therapies at helping smokers quit.<sup>3</sup> The Cochrane Review, considered the gold standard of international evidence-based medicine, finds e-cigarettes increase the number of people who stop smoking compared to nicotine replacement therapies.<sup>4</sup>

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<sup>1</sup> Royal College of Physicians. "Promote e-cigarettes widely as substitute for smoking says new RCP report." 28 April 2016.

<https://www.rcplondon.ac.uk/news/promote-e-cigarettes-widely-substitute-smoking-says-new-rcp-report>

<sup>2</sup> Stephens WE. "Comparing the cancer potencies of emissions from vapourised nicotine products including e-cigarettes with those of tobacco smoke." Tobacco Control 2018;27:10-17.

<https://tobaccocontrol.bmj.com/content/27/1/10>

<sup>3</sup> Hajek, Peter et al. "A Randomized Trial of E-Cigarettes versus Nicotine-Replacement Therapy." N Engl J Med 2019; 380:629-637 <https://www.nejm.org/doi/full/10.1056/NEJMoa1808779>

<sup>4</sup> Hartmann-Boyce J, McRobbie H, Lindson N, Bullen C, Begh R, Theodoulou A, Notley C, Rigotti NA, Turner T, Butler AR, Fanshawe TR, Hajek P. "Electronic cigarettes for smoking cessation." Cochrane Database of Systematic Reviews 2020, Issue 10.

<https://www.cochranelibrary.com/cdsr/doi/10.1002/14651858.CD010216.pub4/full>

Furthermore, all e-cigarettes are currently under review by the Food and Drug Administration (FDA). If any e-cigarette product is deemed to be net harmful to public health, including youth, it will be denied permission of sale and will be removed from the market. If not, they will be authorized for sale because they are deemed to be appropriate for the protection of public health.

The difference in risks strongly suggests from a public health perspective that e-cigarettes be taxed at a substantially lower rate than combustible tobacco. This incentivizes smokers who cannot or will not quit through other means to switch to a less dangerous form of nicotine consumption.

Half to three-quarters of American smokers are from low-income communities, so any price increase will necessarily present a more significant barrier to poorer smokers looking to switch to vaping than those on higher incomes. According to a working paper published by the National Bureau of Economic Research, the price elasticity for e-cigarettes is  $-1.3$ , so for every 10 percent increase in the price of e-cigarettes, sales fall by 13 percent.<sup>5</sup> By contrast, cigarettes are highly inelastic, ranging from  $-0.3$  and  $-0.7$ , so for every 10 percent increase in the price of cigarettes sales decline between three and seven percent. Vapers who use the products to replace traditional cigarettes are highly sensitive to price changes.

Independent e-cigarette businesses such as vape shops are also highly sensitive to large tax increases, often operating on wafer-thin margins. In July 2016, the Pennsylvania General Assembly passed a 40 percent wholesale tax on vapor products. By November the next year, 130 small vape shops closed. If public health promotion is the priority for taxes on tobacco and nicotine products, it would be necessary to maintain as broad a differential as possible between risk reducing products like e-cigarettes and combustible cigarettes.

As for the structure of e-cigarette taxation, HB 476 correctly recognizes the need to bifurcate the tax between closed devices and open systems devices. Taxing open

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<sup>5</sup> Cotti, Chad D and Courtemanche, Charles J and Maclean, Johanna Catherine and Nesson, Erik T and Pesko, Michael F and Tefft, Nathan. "The Effects of E-Cigarette Taxes on E-Cigarette Prices and Tobacco Product Sales: Evidence from Retail Panel Data." National Bureau of Economic Research. August 2020. <https://www.nber.org/papers/w26724>



systems by volume imposes an unduly high burden on these products while advantaging closed-system products and vice versa. As there are no differences in risks posed by closed or open devices there is no public health rationale to incentivize the use of one at the expense of the other.

E-cigarette taxes are often considered a necessary tool to reduce youth vaping but as of yet, there's little evidence to suggest they achieve significant results. Fortunately, the latest data gathered in January-March 2020 shows youth vaping fell nationally by 28 percent.<sup>6</sup> There is strong reason to believe youth e-cigarette use can be reduced with alternative public health strategies that will not deter adult smokers from switching to a safer nicotine product.

Thank you again for the opportunity to comment on HB 476, and please do not hesitate to reach out if we can provide additional information or insights on this subject.

Guy Bentley, director of consumer freedom  
[guy.bentley@reason.org](mailto:guy.bentley@reason.org)

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<sup>6</sup> U.S. Food and Drug Administration. "Youth Tobacco Use: Results from the National Youth Tobacco Survey." 22 December 2020.  
[https://www.fda.gov/tobacco-products/youth-and-tobacco/youth-tobacco-use-results-national-youth-tobacco-survey?utm\\_source=CTPTwitter&utm\\_medium=social&utm\\_campaign=ctp-nyts#2](https://www.fda.gov/tobacco-products/youth-and-tobacco/youth-tobacco-use-results-national-youth-tobacco-survey?utm_source=CTPTwitter&utm_medium=social&utm_campaign=ctp-nyts#2)

LATE

**HB-476**

Submitted on: 2/4/2021 4:32:37 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

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

Comments:

We are opposed to this bill because it is harmful to business and to civil liberties. Bills such as hb476 are purely special interest in nature and don't reflect the needs of normal citizens. Furthermore this needless tax will only cause a drop in sales because of the internet.



LATE

TESTIMONY OF TINA YAMAKI, PRESIDENT  
RETAIL MERCHANTS OF HAWAII  
February 5, 2021

Re: HB 476 Relating to Taxation

Good morning Chair Yamane and members of the House Committee on Health, Human Services & Homelessness. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

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

We **OPPOSE HB 476** Relating to Taxation. This measure establishes taxation of e-liquids used in electronic smoking devices. Requires wholesalers and dealers to be licensed. Requires retailers to obtain permits.

It is not fair to categorize vapor products and e-liquids as a tobacco product. They are not the same. Many E-liquids contain NO tobacco or nicotine and NO smoke is emitted from Electronic Smoking Devices. The New England Journal of Medicine published an article last year that found that e-cigarettes were nearly twice as effective as conventional nicotine replacement products, like patches and gum, for quitting smoking. The study was conducted in Britain and funded by the National Institute for Health Research and Cancer Research UK.

Many retailers statewide are already operating on a thin margin and face stiff competition. Taking on a "tobacco tax" and permit fee will truly hurt locally owned businesses, especially the small locally owned businesses'.

The retail industry has been one of the hardest hit during the pandemic. Since the pandemic, those retailers who were deemed non-essential were forced to close their businesses for months due to government orders. Those on Oahu were forced to close their businesses a second time with no income from online sales unless they were fulfilling the orders from home. Retailers have also had to endure an almost 50% rate increase in interisland shipping. Many stores who rely directly on the visitors are not opening until the customer base returns - if they can hold on that long. They have also reduced their staff, taken pay-cuts and more to survive. The 3rd Commercial Lease Rent survey from data collected between December 1 and 31, 2020 revealed:

- One in 10 Hawaii businesses permanently closed over the course of the pandemic, and 67 percent were impacted significantly by government restrictions.
- From April through December 2020, 50 percent of businesses did not pay their rent in full.
- Three in 10 businesses expected to miss three full rent payments between October and December 2020, and more than half expected to miss at least one full rent payment between January and June 2021.
- Tourism accounts for at least one-quarter of the overall revenue of 37 percent of Hawaii businesses.
- 86 percent of businesses saw their annual revenue decrease in 2020, and 82 percent expect a decrease in 2021 as well.

Retailers like many businesses are struggling to survive and keep their employees employed. Many can't afford an increase in doing business.

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

**HB-476**

Submitted on: 2/2/2021 6:54:02 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kimo Cruz	Individual	Oppose	No

Comments:

This bill will hurt small businesses that are already hurting.

**HB-476**

Submitted on: 2/3/2021 3:41:16 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
mary santa maria	Individual	Support	No

Comments:

I Support with amendments

- Taxing tobacco products and cigarettes is a proven strategy to reduce youth initiation and encourage those who smoke or use tobacco products to quit.
- Licensing and permitting of retailers and wholesalers are critical for education and enforcement of existing laws.
- I am concerned that the definitions for "e-liquid cartridge" and "open system e-liquid" may not capture the disposable e-cigarettes that are popular with youth. Instead, I recommend using the broader definition of electronic smoking devices to avoid potential loopholes.
- I recommend creating policy parity between electronic smoking devices and other tobacco products through equality of taxing. Tax at the same rate.

Mahalo

Mary Santa Maria

**HB-476**

Submitted on: 2/3/2021 4:22:11 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mariner Revell	Individual	Oppose	No

Comments:

I strongly oppose Bill HB476. Businesses and consumers are in dire need of support from our legislators we don't need another tax imposed on goods that will force locals to turn to online out of state retailers and hurt LOCAL businesses. COVID has done enough damage on our businesses please dont further harm our local bussinesses whith MORE TAXES!

**HB-476**

Submitted on: 2/3/2021 4:23:08 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
ASHLEY MATTOS	Individual	Oppose	No

Comments:

I strongly oppose this bill.

**HB-476**

Submitted on: 2/3/2021 4:30:00 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
VALENTINO MIRANDA-KEPA	Individual	Oppose	No

Comments:

Aloha,

Please Oppose Bill HB476. I feel if there is a penalty for minors in possession of Vape Products that will slowly reduce under age usage not an TAX increase.

Thanks for your time,

Valentino Miranda-Kepa



**HB-476**

Submitted on: 2/3/2021 4:33:48 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Katelyn Kapua	Individual	Oppose	No

Comments:

Oppose

**HB-476**

Submitted on: 2/3/2021 4:40:41 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

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

Comments:

Vaping is a healthier and currently cheaper alternative to smoking tobacco ciggarettes. There are many positive studies regarding vaping from counties like the UK.

**HB-476**

Submitted on: 2/3/2021 4:46:36 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Naomi Muronaka	Individual	Oppose	No

Comments:

I oppose

**HB-476**

Submitted on: 2/3/2021 4:51:51 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shelby Pakele	Individual	Oppose	No

Comments:

I Strongly oppose this bill.

**HB-476**

Submitted on: 2/3/2021 4:59:42 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Helena Ankien	Individual	Oppose	No

Comments:

I STAND FIRMLY IN OPPOSITION TO THIS BILL!

**HB-476**

Submitted on: 2/3/2021 5:05:04 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
David Aquino	Individual	Oppose	No

Comments:

I Oppose this bill.

**HB-476**

Submitted on: 2/3/2021 5:32:43 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rachel Ingersoll	Individual	Oppose	No

Comments:

I oppose to this bill.

**HB-476**

Submitted on: 2/3/2021 5:49:57 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Monique gunn	Individual	Oppose	No

Comments:

Oppose



**HB-476**

Submitted on: 2/3/2021 5:52:58 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Dustin Hirayama	Individual	Oppose	No

Comments:

I oppose this bill as it will severely handicap customers and retailers in this category. Products will be so expensive that people will switch back to traditional cigarettes which have been proven to a much more unhealthy alternative.

**HB-476**

Submitted on: 2/3/2021 6:06:42 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nikos Leverenz	Individual	Comments	No

Comments:

Chair Yamane, Vice-Chair Tam, and Committee Members:

Please use consistent language that makes it clear that the objects of regulation are products containing nicotine that are consumed with an electronic device and not other non-nicotine liquids and solutions, including those containing components of cannabis or hemp. Although the proposed statutory definition specifies "e-liquid" as "any solution containing nicotine that is designed or sold for use with an electronic smoking device" it might be more precise to reference "nicotine liquids or solutions."

Also, please recognize that the use of vaping products and devices are a legitimate means of moving many smokers who are nicotine dependent away from combustible plant-based tobacco. As such, they are an effective harm reduction tool for those struggling with nicotine dependence.

To the extent that taxes or regulations on vaping products become too onerous, the impact will be to move these persons back to smoked tobacco, which still causes significant levels of preventable illnesses and deaths in Hawaii each year. The Hawaii State Department of Health places the current figure at 1,400 persons.

Sincerely,

Nikos Leverenz

**HB-476**

Submitted on: 2/3/2021 6:10:25 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
francis luu	Individual	Oppose	No

Comments:

I opposed this bill because if there's tax on it won't be able to afford it.

**HB-476**

Submitted on: 2/3/2021 6:11:28 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

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

Comments:

A great incentive for people switching to a "safer" alternative to smoking and is usually accompanied with a goal to completely quit smoking/vaping. I am a former tobacco "smoker", now I choose to vape and currently in the process of quitting for good. For alot of other people I know and have had conversations with have mentioned that one of the best qualities of switching to vaping from traditional tobacco cigarettes are improved breathing, improved moods, better sense of smell and taste, no stink cigarette smell, but most importantly its more affordable for those who want to quit but on their on pace. I've seen many people quit all together in with this method. Thats the goal, is to quit. Taking away such insentive only adds to more traditional tobacco use that leads to more medical issues that are already related to smoking. I am very familiar with ingredients and devices used to vape, I disagree that its the same as smoking, I do agree that its a "safer" alternative form of nicotine delivery without added chemicals and true combustion. Let the "safer" alternative be the more affordable one.

**HB-476**

Submitted on: 2/3/2021 6:13:00 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Naomi C. Liu	Individual	Oppose	No

Comments:

We pay to much tax already.

**HB-476**

Submitted on: 2/3/2021 6:16:52 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Hoku Gardner	Individual	Oppose	No

## Comments:

I Oppose The Taxation on E-Liquids & The Requirement of Permits for Vape Shops. Vaping (E-Liquid) Was a Great Way For Me To Quit Smoking Cigarettes. I Feel That Vaping is Much Safer & It Would be Very Dissatisfying For E-Liquid To Be Even Harder to Purchase.

**HB-476**

Submitted on: 2/3/2021 6:43:14 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
James Toyomura	Individual	Oppose	No

Comments:

Vaping has helped me quit smoking, please do not tax.

**HB-476**

Submitted on: 2/3/2021 7:34:44 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
candice costales	Individual	Oppose	No

Comments:

I oppose to the HB476 bill because vaping has been a better alternative for cigarettes is so many ways. It is a big game changer for cigarette smokers.



**HB-476**

Submitted on: 2/3/2021 9:19:13 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Theresa Revell	Individual	Oppose	No

Comments:

Aloha Honorable Representatives,

I, Theresa Revell respectfully ask that you please oppose HB476. I am opposed to an additional tax increase on any tobacco products.

Respectfully Submitted,

Theresa Revell

**HB-476**

Submitted on: 2/3/2021 9:36:09 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Eric Stoddard	Individual	Oppose	No

Comments:

We all understand there are fiscal challenges facing all - citizens of Hawaii and the government that serves them. Leadership should try something different and instead of taxing how about reducing unnecess6spending to find money? That's want your citizens are doing.

**HB-476**

Submitted on: 2/3/2021 9:57:50 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mikhaila Millikan	Individual	Oppose	No

Comments:

Adding taxes to these products will make them less accessible to those in the community seeking alternatives to conventional cigarettes. It will also encourage underground markets to open up which could bring unregulated products into the community, putting the health of the very people you are trying to protect at risk.

**HB-476**

Submitted on: 2/3/2021 10:15:18 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
dillon rellez	Individual	Oppose	No

Comments:

I totally disagree on taxation on eliquids. It is already getting very hard to get and it is a proven way to quit smoking cigarettes that have been proven to have terrible carcinogens that can kill. I believe that no law should be changed as far as e-cigarettes go.

**HB-476**

Submitted on: 2/3/2021 10:40:21 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
austin villaruz	Individual	Oppose	No

Comments:

I will not stand by this bill as increasing the tax of eliquids will make it harder for consumers like myself to achieve a healthier lifestyle.

**HB-476**

Submitted on: 2/4/2021 7:31:52 AM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ray Ogai	Individual	Support	No

Comments:

Aloha Chair, Vice Chair and Committee Members,

I support HB476 and it is my hope that this will help decrease accessibility of e-cigarette, vapors, liquids, etc. Less accessible for our children and others and resulting in overall decrease in use.

Thank you for allowing me the opportunity to support HB476.

LATE

**HB-476**

Submitted on: 2/4/2021 10:32:34 AM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Colleen Fox	Individual	Support	No

Comments:

Committe members,

Vaping is at epidemic levels among our youth. Vaping should be better regulated and higher taxed due to the costs it will create for society down the line.

Mahalo,

Dr. Colleen Fox

LATE

**HB-476**

Submitted on: 2/4/2021 11:30:23 AM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Eric Heaukulani	Individual	Oppose	No

Comments:

I oppose this measure!



LATE

To whom it may concern,

I am opposing the current bill (HB476) that will destroy the vaping industry here in Hawaii and put hundreds of people out of employment. Our goal for public health is to have people quit smoking traditional tobacco cigarette which is the #1 cause for cancer here in America.

Yet our own Government demonize this new technology which has helped millions of Americans make the switch and drastically improving their health. If this bill is about protecting children, vape shops here including stores in the mainland have strict guidelines and rules they follow that does not allow anyone under 21 to purchase any type of vaping devices, juice or accessories.

This Taxation you're supporting will only increase the sales of traditional tobacco cigarettes, pushing people back into the old dangerous habit of cancer-causing smokes.

I implore you to take your time and review these bills that could possibly destroy something that in my opinion, a "PUBLIC HEALTH MIRACLE".

Vinh Tran,

Resident of Honolulu, Hawaii.

LATE

**HB-476**

Submitted on: 2/4/2021 12:28:03 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Caroline Azelski	Individual	Support	No

Comments:

Support.

LATE

**HB-476**

Submitted on: 2/4/2021 12:28:59 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Teddy Kim	Individual	Oppose	No

Comments:

I oppose this bill.

LATE

**HB-476**

Submitted on: 2/4/2021 12:31:12 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rafael Montero	Individual	Oppose	No

Comments:

I strongly oppose.

LATE

**HB-476**

Submitted on: 2/4/2021 12:45:59 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jinna Kim	Individual	Oppose	No

Comments:

Hello,

I would like to oppose HB476. We are currently in a Epidemic Crisis due to the virus. If this bill passes more people will be loosing there jobs. Small businesses are already suffering and this will have more shut downs of small businesses trying to stay alive during these hard times. Please reconsider a resonable Bill that will help small business. Not only does it shut down more businesses this will also have more people who will be needing Government Assisant because there are not a lot of job options. Its already hard with high living expenses in Hawaii, and there are lower jobs options also. Please take care of the Ohana and make it manageable to live in Hawaii. Otherwise people will be moving out of the State of Hawaii because they do not have jobs to support there rent, food, kids, and families.

Thank you

LATE

**HB-476**

Submitted on: 2/4/2021 1:36:19 PM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sean roysdon	Individual	Oppose	No

Comments:

To whom it may concern,

Adding a tax increase to a already high taxed consumer product is not the right thing to be doing. During this Pandemic Local, State and federal government bodies have been increasing tax's on there people products. This shouldn't be a priority or a bill. We as consumers have used Electronic vaping devices to help or stop smoking. The war on vape products is out rages and needs to stop. Bad enough Hawaii is already a high cost of living environment last thing we need to do is up the taxes. Stop filling Big Tabcoos pockets and let individual business run with out government interference. The people of Hawaii didn't electric you to make are live harder than it already is in today's world. So please if you have any decency you'll stop the war on Election devices and Juice manufactures and look out for the people of this great state.

LATE

**HB-476**

Submitted on: 2/5/2021 12:07:19 AM

Testimony for HHH on 2/5/2021 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bryan Mih	Individual	Support	No

Comments:

Dear Committee Members:

As a pediatrician and medical director of the Kapi'olani Smokefree Families Program, I strongly support this bill, which improves regulations on electronic smoking devices.

Electronic smoking devices are used in a similar manner as cigarettes, yet are not taxed as such. The American Academy of Pediatrics strongly supports regulation and taxation of electronic smoking devices to prevent initiation of use, especially by young people.

Hawaii has one of the highest rates of middle schoolers and high schoolers currently using e-cigarettes. Nicotine is a highly addictive drug that impacts the adolescent brain, reducing impulse control and affecting mood. Those who use e-cigarettes are four times more likely to smoke regular cigarettes later on. The e-cigarette industry claims these are cessation devices, but a recent study has shown that even if one adult can quit with these devices, the trade-off is 81 young people who will start the habit in their place. This is completely unacceptable.

Once young people are addicted to nicotine, it is extremely difficult to quit. By appropriately regulating and taxing these products, we have the chance to improve the health of many, especially of our keiki.

Please consider revising the bill to include all electronic smoking devices, thereby closing the loophole for the newer disposable e-cigarettes.

Mahalo for your consideration and support of this important measure.

Sincerely,

Bryan Mih, MD, MPH, FAAP

Pediatrician





**HB-476**

Submitted on: 2/16/2021 7:51:45 AM

Testimony for HHH on 2/5/2021 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Erin Alicia Edwards	Individual	Oppose	No

Comments: