

Measure Title: RELATING TO TAX RATE FOR TOBACCO PRODUCTS.

Report Title: Tobacco Products; Excise Tax; Hawaii Cancer Research Special Fund

Imposes an excise tax equal to eighty per cent of the wholesale price of any tobacco product, other than large cigars, sold by a wholesaler or dealer on and after January 1, 2017, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer. Requires the additional moneys collected under the excise tax to be deposited to the credit of the Hawaii cancer research special fund.

Companion: Package: None Current Referral: CPH, WAM Introducer(s): BAKER, Gabbard, Kidani SHAN TSUTSUI LT. GOVERNOR



MARIA E. ZIELINSKI DIRECTOR OF TAXATION

JOSEPH K. KIM DEPUTY DIRECTOR

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

To: The Honorable Rosalyn H. Baker, Chair and Members of the Senate Committee on Commerce, Consumer Protection, and Health

Date:February 6, 2016Time:9:00 A.M.Place:Conference Room 229, State Capitol

From: Maria E. Zielinski, Director Department of Taxation

Re: S.B. 2692, Relating to Tax Rate for Tobacco Products.

The Department of Taxation (Department) offers the following comments on S.B. 2692 for your consideration.

S.B. 2692 amends the Cigarette and Tobacco Tax Law by increasing the tax on tobacco products other than cigarettes, little cigars, and large cigars from 70% of the wholesale price to 80% of the wholesale price. S.B. 2692 also specifies that all Cigarette and Tobacco Tax Law revenue be deposited in the Hawaii cancer research special fund. S.B. 2692 is effective July 1, 2016, but its tax increase and amendment to allocation of funds are both effective January 1, 2017.

The Department notes that it can administer S.B. 2692, and appreciates that the tax rate change is effective January 1, 2017, giving the Department sufficient time to amend forms and instructions.

The Department defers to the Department of Health with respect to the effect raising the tax on tobacco products other than cigarettes, little cigars and large cigars would have on the State's health and wellness.

Thank you for the opportunity to provide comments.

DAVID Y. IGE GOVERNOR OF HAWAII



VIRGINIA PRESSLER, M.D. DIRECTOR OF HEALTH

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

Testimony in SUPPORT of SB2692 RELATING TO TAX RATE FOR TOBACCO PRODUCTS

SENATOR ROSALYN BAKER, CHAIR SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH Hearing Date: February 6, 2016 Room Number: 229

1 **Fiscal Implications:** None.

2 **Department Testimony:** The Department of Health (DOH) supports creating tax parity on

3 other tobacco products (OTP) with the current tax rate imposed on cigarettes. The Department

4 defers to the Department of Taxation (DoTAX) regarding fiscal implications.

OTPs are products – other than cigarettes, little cigars or large cigars – that are made or 5 derived from tobacco, that contain nicotine or other substances, and are intended for human 6 7 consumption or are likely to be consumed, whether smoked, heated, chewed, absorbed, dissolved, inhaled, or ingested by any other means, including but not limited to pipe tobacco, 8 chewing tobacco, snuff, or snus. These are currently taxed lower than cigarettes. Given the level 9 of evidence linking tobacco product use to ill health, all products containing tobacco and nicotine 10 should be assumed to be both harmful and addictive.¹ Health effects associated with OTP use 11 include heart disease, a variety of cancers, pulmonary diseases, adverse reproductive outcomes, 12 gum disease, and the exacerbation of chronic heart conditions.² 13

¹ U.S. Department of Health and Human Services. The Health Consequences of Smoking-50 Years of Progress. A Report of the Surgeon General. Atlanta GA: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention a d Health Promotion. Office on Smoking and Health, 2014. p 780 ² Ibid.

Adult and youth smokers are attracted to purchase the less expensive tobacco products.
 OTPs pose a unique danger as gateway products that can lead to habitual tobacco use, including
 smoking and long term addiction to nicotine.³

Hawaii has not increased the excise tax on OTPs since 2009. The Campaign for
Tobacco-Free Kids recommends that states should make sure their tax rates on other tobacco
products parallel to their cigarette tax rates. Their recommendation to achieve tax parity with
cigarettes is to set the OTP excise tax equal to eighty per cent of the wholesale price. The public
health goal is to encourage and help smokers to quit, rather than switch to other tobacco products
that are cheaper due to lower tax rates.⁴

The independent U.S. Centers for Disease Control and Prevention (CDC) Task Force on
Community Preventive Services concluded that an increase in tobacco prices decreases both
adult and youth prevalence and reduces the quantity used by smokers who do not quit.
Increasing the price of tobacco products is the single most effective way to prevent initiation

14 among nonsmokers and to reduce consumption.⁵

15 Thank you for the opportunity to testify.

16 **Offered Amendments:** None.

³ Alcohol and Tobacco Tax and Trade Bureau, Tobacco Statistics, http://www.ttb.gov/tobacco/tobacco-stats.shtml. See also, U.S. Centers for Disease Control and Prevention (CDC), "Consumption of Cigarettes and Combustible Tobacco—United States, 2000-2011," Morbidity and Mortality Weekly Report (MMWR) 61(30):565-569, August 3, 2012, http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6130a1.htm and *Large Disparities in Rates for Smoking Products Trigger Significant Market Shifts to Avoid Higher Taxes*, GAO-12-475, April 18, 2012, http://www.gao.gov/products/GAO-12-475

⁴ Boom, Ann, Campaign for Tobacco-Free Kids, *Tobacco Tax Increases are a Reliable Source of Substantial New State Revenue, December 23, 2013*

⁵ The independent Task Force on Community Preventive Services includes representatives from CDC, other government agencies, and academic researchers. Its work on tobacco issues has been published in the following: Hopkins, DP, et al., "Evidence reviews and recommendations on interventions to reduce tobacco use and exposure to environmental tobacco smoke: A summary of selected guidelines," *American Journal of Preventative Medicine (AJPM)* 20(2S): 67-87, 2001; Hopkins, DP, et al., "Reviews of evidence regarding interventions to reduce tobacco use and exposure to environmental tobacco smoke;" *AJPM* 20(2S): 16-66, 2001; Task Force on Community Preventive Services, "Recommendations regarding interventions to reduce tobacco use and exposure to environmental tobacco smoke," *AJPM* 20(2S): 10-15, 2001.



Legislative Testimony

Written Testimony Presented Before the Senate Committee on Commerce, Consumer Protection and Health February 6, 2016 at 9:00 am By Robert Bley-Vroman, Chancellor and Jerris Hedges, MD, MS, MMM Dean, John A. Burns School of Medicine Interim Director, University of Hawai'i Cancer Center University of Hawai'i at Mānoa

SB 2692 – RELATING TO TAX RATE FOR TOBACCO PRODUCTS

Chair Baker, Vice Chair Kidani, and Members of the Committee:

The University of Hawai'i Cancer Center strongly supports this bill.

The UH Cancer Center is one of only 69 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 Hawai'i with greater access to federal funding and research opportunities. More importantly, it gives the people of Hawai'i and the Pacific region access to many innovative and potentially life-saving clinical trials without the necessity of traveling to the mainland.

Our passion at the UH Cancer Center is to be a world leader in eliminating cancer through research, education and improved patient care. Because tobacco consumption is a leading preventable cause of cancer, we take all issues related to tobacco in Hawai'i very seriously. Whereas the UH Cancer Center always has supported strong tobacco control measures in Hawai'i, the recent emergence of electronic smoking devices (e-cigarettes) presents new challenges for tobacco control and tobacco-related legislation. To address these challenges, UH Cancer Center researchers have been actively involved in conducting studies about cigarette smoking and e-cigarette use among adolescents and young adults in Hawai'i, a vulnerable population for initiation of both cigarette smoking and e-cigarette use.

The bill addresses a serious concern among health professionals that addictive tobacco products other than cigarettes – including snuff, chewing tobacco and loose roll-your-own tobacco – are attracting a new generation of tobacco users. While the dangers of smoking are well known, national research also tells us there is no safe form of tobacco use, and tobacco use continues to be a problem in Hawai'i.

Since the cigarette tax increases were imposed beginning in 2006, sales have decreased steadily, which may indicate that the higher cost to consumers has created

the intended disincentive to cigarette use. As the cost of cigarettes increased, smokers have sought out other less expensive forms of tobacco, including loose or roll-your-own tobacco. Tax rates on other tobacco products should be the same as or similar to the tax rate on cigarettes in order to serve as a greater economic disincentive to tobacco use and decrease the number of individuals who smoke.

We appreciate the Committee's allocation of a portion of the additional tax revenues to the Hawai'i Cancer Research Special Fund. The additional revenue generated by this bill will allow the UH Cancer Center to continue to provide new knowledge about prevention of adolescent smoking, continue to provide innovative clinical trials in Hawai'i to help prevent and treat cancer, and continue research into natural products from organisms found only in Hawai'i that may be used to treat cancer. Several patents on promising products have already been filed.

The incidence of cancer is increasing significantly and may double during the next twenty years, according to recent estimates by the International Agency for Cancer. It is imperative that the UH Cancer Center maintain its NCI designation to foster research relevant to those in Hawai'i and to provide our state's residents with access to the most innovative clinical trials here in Hawai'i, in order to reduce the incidence of cancer in Hawai'i and eliminate the need for our cancer patients to travel to the mainland for access to novel therapies.

We respectfully urge you to pass this bill.



Date: February 5, 2016

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

From: Jessica Yamauchi, Executive Director, Hawai'i Public Health Institute

Re: STRONG SUPPORT for SB2692, Relating to Tax Rate for Tobacco Products

Hrg: February 6, 2016 at 9:00am at Conference Room 229

Thank you for the opportunity to submit testimony in <u>STRONG SUPPORT</u> of SB 2692, which proposes a tax of 80% on the wholesale price of any tobacco product, other than large cigars.

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 nearly 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.

Increasing the tax on tobacco products other than cigarettes helps to decrease smoking rates.

By increasing the cost of each tobacco product sold and making it comparable to cigarettes, tobacco use by adults and young people will decrease. This will result in a decline in the serious health conditions that arise from use of smokeless tobacco including cancer of the esophagus pharynx, larynx, stomach, and pancreas, gum disease, and the risk of cardiovascular disease, and a decrease in the diseases caused by smoking roll-your-own tobacco.

Adolescents and young adults are two to three times more sensitive to tobacco price changes than adults—when price increases, less youth will begin using smokeless tobacco and other tobacco products and more will reduce their consumption. Hawai'i has seen youth use of smokeless tobacco fluctuate despite our decreasing smoking rates.

The Coalition recommends taxing OTPs (other than large cigars) to 80% of the wholesale price.

The Coalition has been supporting this legislation for the last several years. An independent poll conducted by Ward Research Inc. in November 2015 reports that 79% or about 8 in 10

tobaccofreehawaii.org • hiphi.org • 850 Richards Street, suite 201 • Honolulu, Hawai'i 96813



registered Hawai'i voters support taxing other tobacco products at the same rate as cigarettes. We must ensure that taxes on all tobacco products are equitable so that those who are addicted to nicotine will be incentivized to quit instead of turning to other products.

A Portion of the Revenues Should Be Earmarked for Tobacco Prevention and Control

The poll conducted by Ward Research Inc. also found that residents overwhelmingly agree (87%) that it is important for the state to earmark some of the revenue from cigarette and tobacco taxes to fund tobacco prevention and cessation programs (currently \$0 from cigarette and OTP taxes is earmarked 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 to help them quit. More people quitting means less cost to our state in tobacco-related medical expenses and unnecessary hospitalizations.

The Coalition strongly supports SB 2692 and respectfully ask you to pass this out of committee.

Mahalo,

Tamauch

Jessica Yamauchi Executive Director

LEGISLATIVE TAX BILL SERVICE

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO, Increase Tobacco Tax Rate on Tobacco Other than Cigars and Cigarettes

BILL NUMBER: SB 2692

INTRODUCED BY: BAKER, Gabbard, Kidani

EXECUTIVE SUMMARY: This is a 14% tax increase beginning on 1/1/17 on tobacco products other than cigarettes and cigars. The increased taxes are having an effect on consumption, which means the tax cannot be expected to produce stable funding. Lawmakers may want to consider direct appropriations to programs now being supported by earmarks from this tax.

BRIEF SUMMARY: Amends HRS 245-3 to increase the tax on tobacco products other than cigarettes and large cigars to 80% of the wholesale price sold by the wholesaler or dealer on and after 1/1/17.

Amends HRS section 245-15 to provide that the revenue generated under the rate increase shall be distributed to the Hawaii cancer research special fund.

EFFECTIVE DATE: July 1, 2016.

STAFF COMMENTS: This measure is clearly a tax hike. Previous increases have begun to have an effect on collections not only locally but also nationally. Collections have fallen below their previous levels, and the increase in the legal smoking age from 18 to 21 also is anticipated to have a negative effect on consumption. For whatever reason, the rise in rate has jeopardized this source of revenue. If nothing else, lawmakers need to make up their minds whether or not they see this tax as a source of revenue or a means by which to deter consumption.

Digested 2/3/2016



American Cancer Society Cancer Action Network 2370 Nu`uanu Avenue Honolulu, Hawai`i 96817 808.432.9149 www.acscan.org

Senate Committee on Commerce, Consumer Protection and Health Senator Rosalyn H. Baker, Chair Senator Michelle N. Kidani, Vice Chair

SB 2692 - RELATING TO TAX RATE FOR TOBACCO PRODUCTS.

Cory Chun, Government Relations Director – Hawaii Pacific American Cancer Society Cancer Action Network

Thank you for the opportunity to provide testimony in support of SB 2692, which increases the tax on other tobacco products other than large cigars to 80% of the wholesale price.

The American Cancer Society Cancer Action Network (ACS CAN) is the nation's leading cancer advocacy organization. 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.

The purpose of this measure is to ensure parity between the taxes on cigarettes and other tobacco products. In addition, any increase in cigarette taxes will also trigger an automatic increase in the tax on other tobacco products, so that parity continues between the two products.

While some other tobacco products do not create combustible chemical smoke like cigarettes, they are still harmful to our health. To date, use of smokeless tobacco has been shown to cause:

- Cancer of the mouth, pancreas, and esophagus;
- Precancerous mouth lesions;
- Dental problems including gum recession, dental cavities , and bone loss around the teeth; and
- Nicotine addiction.

Having consistency with the taxes on cigarettes and other tobacco products prevents having one product be significantly less expensive than the other, and discourages the purchase and use of all tobacco products. To create even more parity, the committee may wish to consider increasing the tax on large cigars to the same level as other tobacco products to ensure that all tobacco products are taxed at the same rate. Thank you for the opportunity to provide testimony on this measure. Date: February 5, 2016

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

Re: Strong Support of SB 2692, Relating to Tax Rate for Tobacco Products

Hrg: February 6, 2016 at 9:00am at Capitol Room 229

I strongly support SB 2692, which would raise the tax from 70% to 80% on the wholesale price of "other tobacco products" (OTP), excepting only large cigars. I serve as the Hawai'i director for the American Lung Association of the Mountain Pacific; our mission is to save lives by improving lung health and preventing lung disease.

Tobacco taxes are a proven strategy to reduce smoking, particularly among teenagers and low-income people. Tobacco use is the single most preventable cause of disease and death in the U.S. Serious health conditions like cancer, gum disease, and cardiovascular disease caused by snuff and chew will be reduced, saving lives and taxpayer dollars in Hawai'i. Tobacco use costs our state \$526 million annually.

Increasing the tax on OTPs is one of the best ways to keep youth from ever using tobacco and also encourages current users to quit. We must be sure taxes on all tobacco products are equitable so that those who are addicted to nicotine will quit. More smokers quitting, means less cost to our state in tobacco-related medical expenses.

I strongly support SB 2692 and ask you to pass this measure out of committee. I can be reached at 808-687-5375 or <u>Kim.Nguyen@lung.org</u>, should you have any questions. Thank you for the opportunity to provide testimony.

Mahalo,

Kim Nguyen, MSW Executive Director – Hawai`i American Lung Association of the Mountain Pacific

The Senate Committee on Commerce, Consumer Protection

And Health

Saturday February 6, 2016

9:00 a.m.

Room 229

TESTIMONY IN SUPPORT ON SB 2692

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is Virginia Weinman. I am a member of the Friends of the Cancer Board have been involved with the UH Cancer Center for about ten years.

My husband, Barry Weinman & I have supported the University of Hawaii for fifteen years, totaling over \$7M in donations. We have provided full scholarships to 10 students at UH JABSOM and have underwritten the Chair of Dr. Hedges, Dean of JABSOM. In addition, the Weinman Symposiums have enabled six Nobel Laureates in cancer research to visit and work with the Cancer Center's researchers.

We strongly support research and higher education in medicine in Hawaii. The continuation of the Cancer Center is vital to the growth of Hawaii and we hope to continue our philanthropy if the Cancer Center is adequately funded.

I am writing to express my support for SB 2692. There is a serious concern among health care professionals that other forms of tobacco products are attracting a new generation of tobacco users. As the cost of cigarettes increased, some people have moved over to cheaper forms of tobacco use such as snuff, loose tobacco, chewing tobacco and roll-your own tobacco. These products are still addictive and still can cause cancer.

Cigarette and tobacco use are the leading preventable causes of cancer. Smoking and cigarette use also lead to other health problems creates a financial burden on our health care system. I believe imposing an excise tax on other tobacco products would serve as a further disincentive to tobacco use and decrease the number of people who smoke.

The UH Cancer Center has been an important partner within the healthcare community of the state, and has made a tremendous difference in the lives of many cancer patients and their family.

The ethnic diversity in Hawaii is unlike other populations in other parts of the country. We in Hawaii face different challenges as the types and incidents of cancer as well as mortality rates may not be like those seen in other states. The UH Cancer Center is acutely aware of Hawaii's unique diversity and healthcare needs. Its focus is finding treatment, drugs and protocols that are specific to our community.

Therefore, the additional revenue generated by the taxes imposed on other tobacco products would benefit the UH Cancer Center and enable it to continue the ground-breaking work it is doing.

Thank you this opportunity to provide testimony on this bill.

Aloha from Hawai'i... Virginia S. Weinman President, The Weinman Foundation

Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Zehner	Hawaii Smokers Alliance	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

The Senate Committee on Commerce, Consumer Protection

And Health

Saturday February 6, 2016 9:00 a.m. Room 229

TESTIMONY IN SUPPORT ON SB 2692

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is Dr. Charles Miller, and I am a practicing physician in Hawaii specializing in oncology. I have been in practice for over 40 years.

I am writing to express my strong support for SB 2692. There is a serious concern among health care professionals that as the cost of cigarettes increased other forms of tobacco products are attracting a new generation of tobacco users. There is data to show that some people have moved over to cheaper forms of tobacco use such as snuff, loose tobacco, chewing tobacco and roll-your own tobacco. These products are still addictive and still can cause cancer.

Cigarette and tobacco use are the leading preventable causes of cancer and also lead to other health problems creating a huge financial burden on our health care system. I believe imposing an excise tax on other tobacco products would serve as a further disincentive to tobacco use and decrease the number of people who use this very addictive substance.

The UH Cancer Center has been an important partner within the healthcare community of the state, and has made a tremendous difference in the lives of many cancer patients and their families. Because of the ethnic diversity in Hawaii we face different challenges as the types and incidents of cancer and cancer mortality rates may not be like those seen in other states. The UH Cancer Center is uniquely suited to study this diversity in healthcare needs

Therefore, the additional revenue generated by the taxes imposed on other tobacco products would benefit the UH Cancer Center and enable it to continue the ground-breaking work it is doing.

Thank you this opportunity to provide testimony on this bill.

Charles F Miller, MD, FACP Hawaii Society of Clinical Oncology American Society of Clinical Oncology State Affiliate Council Representative The Senate Committee on Commerce, Consumer Protection

And Health

Saturday February 6, 2016 9:00 a.m. Room 229

TESTIMONY IN SUPPORT ON SB 2692

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is Dr. Keola Beale, and I am a physician in Hawaii specializing in oncology and hematology. I have been in practice for over 13 years.

I am writing to express my support for SB 2692. There is a serious concern among health care professionals that other forms of tobacco products are attracting a new generation of tobacco users. As the cost of cigarettes increased, some people have moved over to cheaper forms of tobacco use such as snuff, loose tobacco, chewing tobacco and roll-your own tobacco. These products are still addictive and still can cause cancer.

Cigarette and tobacco use are the leading preventable causes of cancer. Smoking and cigarette use also lead to other health problems that creates a financial burden on our health care system. I believe imposing an excise tax on other tobacco products would serve as a further disincentive to tobacco use and decrease the number of people who smoke.

The UH Cancer Center has been an important partner within the healthcare community of the state, and has made a tremendous difference in the lives of many cancer patients and their family.

The ethnic diversity in Hawaii is unlike other populations in other parts of the country. We in Hawaii face different challenges as the types and incidents of cancer as well as mortality rates may not be like those seen in other states. The UH Cancer Center is acutely aware of Hawaii's unique diversity and healthcare needs. Its focus is finding treatments, drugs and protocols that are specific to our community.

Therefore, the additional revenue generated by the taxes imposed on other tobacco products would benefit the UH Cancer Center and enable it to continue the ground-breaking work it is already doing.

Thank you this opportunity to provide testimony on this bill.

Keola K. Beale, MD President, Hawaii Society of Clinical Oncology Kaiser Permanente

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	sean@blacklavavape.com
Subject:	Submitted testimony for SB2692 on Feb 6, 2016 09:00AM
Date:	Thursday, February 04, 2016 1:26:59 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Anderson	Individual	Support	Yes

Comments: The tobacco tax business model no longer can support what it was intended for. So the state's idea is to tax something that doesnt cause cancer. Why? The State of Hawaii could be held Liable if they make it to easier to buys Tobacco (Something KNOWN to cause cancer), as opposed to vaping which not been proven to cause anything. Ask the Attorney General what the threshold of Liability is.. Its pretty clear. Any Party that knowing does something that will cause Physical Injury or death is liable. Simple.

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The Senate Committee on Commerce, Consumer Protection

And Health

Saturday February 6, 2016 9:00 a.m. Room 229

TESTIMONY IN SUPPORT ON SB 2692

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is Diane T. Ono, and I am a member of the Friends of the University of Hawai'i Cancer Center Board of Directors. I have been involved with supporting the UH Cancer Center for almost 13 years. As a private citizen, I am a firm believer in cancer research and the important role our University of Hawai'i can and should play in promoting and supporting cancer research here in our state.

The reason I so passionately and completely support the work of the UH Cancer Center is because my daughter was on a clinical trial administered by the Cancer Center from 1997 to 1999. My daughter successfully completed her 2-1/2 years of treatment, and today she is 23 years old. I know she is one small example of the way the Cancer Center has helped the people of our state.

Cancer research is vital to the needs of the people in our community. The research taking place right here at the UH Cancer Center involves our diverse ethnic population as well as our natural resources.

I am writing to express my support for SB 2692. There is a serious concern among health care professionals that other forms of tobacco products are attracting a new generation of tobacco users. As the cost of cigarettes increased, some people have moved over to cheaper forms of tobacco use such as snuff, loose tobacco, chewing tobacco and roll-your own tobacco. These products are still addictive and still can cause cancer.

Cigarette and tobacco use are the leading preventable causes of cancer. Smoking and cigarette use also lead to other health problems creates a financial burden on our health care system. I believe imposing an excise tax on other tobacco products would serve as a further disincentive to tobacco use and decrease the number of people who smoke.

The UH Cancer Center has been an important partner within the healthcare community of the state, and has made a tremendous difference in the lives of many cancer patients and their family.

The ethnic diversity in Hawaii is unlike other populations in other parts of the country. We in Hawaii face different challenges as the types and incidents of cancer as well as

mortality rates may not be like those seen in other states. The UH Cancer Center is acutely aware of Hawaii's unique diversity and healthcare needs. Its focus is finding treatment, drugs and protocols that are specific to our community.

Therefore, the additional revenue generated by the taxes imposed on other tobacco products would benefit the UH Cancer Center and enable it to continue the ground-breaking work it is doing.

Thank you this opportunity to provide testimony on this bill.

Submitted by:

acine 2. Cons

Diane T. Ono 2534 East Manoa Road Honolulu, HI 96822 Phone: 808-585-1087

The Senate Committee on Commerce, Consumer Protection

And Health

Saturday February 6, 2016 9:00 a.m. Room 229

TESTIMONY IN SUPPORT ON SB 2692

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is <u>David J. Tamura</u>, and I am a practicing physician in Hawaii specializing in oncology.

I am writing to express my support for SB 2692. There is a serious concern among health care professionals that other forms of tobacco products are attracting a new generation of tobacco users. As the cost of cigarettes increased, some people have moved over to cheaper forms of tobacco use such as snuff, loose tobacco, chewing tobacco and roll-your own tobacco. These products are still addictive and still can cause cancer.

Cigarette and tobacco use are the leading preventable causes of cancer. Smoking and cigarette use also lead to other health problems creates a financial burden on our health care system. I believe imposing an excise tax on other tobacco products would serve as a further disincentive to tobacco use and decrease the number of people who smoke.

The UH Cancer Center has been an important partner within the healthcare community of the state, and has made a tremendous difference in the lives of many cancer patients and their family.

The ethnic diversity in Hawaii is unlike other populations in other parts of the country. We in Hawaii face different challenges as the types and incidents of cancer as well as mortality rates may not be like those seen in other states. The UH Cancer Center is acutely aware of Hawaii's unique diversity and healthcare needs. Its focus is finding treatment, drugs and protocols that are specific to our community. The UH Cancer Center also needs to expand its role in our community and in the advancement of cancer care in Hawaii and even in the nation. Cancer incidence continues to grow in Hawaii and in the nation. Advances in cancer research also continue to grow. Industry, the public and governments around the world are aware of this growth and are focusing more money, time and effort to advance cancer care. Cancer research also creates and trains highly technical and innovative jobs into the local economy. Many local governments and universities advertise their own cancer centers to bring business, jobs, and the best students to them.

Therefore, the additional revenue generated by the taxes imposed on other tobacco products would benefit the UH Cancer Center and enable it to continue the ground-breaking work it is doing.

Thank you this opportunity to provide testimony on this bill.

Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Orozco	Individual	Oppose	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
To:	<u>CPH Testimony</u>
Cc:	brianportal808@gmail.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Thursday, February 04, 2016 8:51:20 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Santiago	Individual	Oppose	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	bubbleheadchad@gmail.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Thursday, February 04, 2016 10:55:31 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Wheeling	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	<u>chevyriderhhh@gmail.com</u>
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Friday, February 05, 2016 1:25:44 PM

Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Wells	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	777dnel@gmail.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Thursday, February 04, 2016 10:37:53 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Dallas Nelson	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Aloha, I am testifying today in **strong opposition** of SB2692. In my opinion putting ecigarettes, vapor products, and e-liquids in the same category as combustible cigarettes and small cigars is misguided at best. Traditionally taxes on combustible cigarettes are intended to discourage use. However, due to the fact that e-cigarettes are estimated to be 99% less harmful than smoking, discouraging use is counter to the overall goal of reducing the smoking rate. Surveys show that if ecigarettes are taxed at a rate that causes them to become as, or more, expensive than cigarettes. Up to 65% of users will not quit, they will return to smoking. This will also discourage future users from exploring and making the switch to a product that has been proven to be much less harmful. Overall that will irreparably harm the public health here in our beautiful state.

As a nurse I have seen firsthand the benefits of these products and the increase in overall health of the people that have made the switch to them.

Taxing these products equivalent with traditional cigarettes would be doing a great disservice to your constituents and all the people of Hawaii Nei. Please rethink this strategy and do right by the people you represent. Do not be drawn in by the misinformed and misguided anti tobacco lobby. E-cigarettes are not cigarettes and should not be treated as such. Mahalo for your time.

From:	mailinglist@capitol.hawaii.gov
To:	<u>CPH Testimony</u>
Cc:	jjw333333@gmail.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Thursday, February 04, 2016 1:11:35 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jake J. Watkins	Individual	Oppose	No

Comments:

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Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jason Park	Individual	Oppose	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	starjenchan@gmail.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Thursday, February 04, 2016 9:45:33 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Jenny Chan	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	wintersnicholas@rocketmail.com
Subject:	Submitted testimony for SB2692 on Feb 6, 2016 09:00AM
Date:	Wednesday, February 03, 2016 2:36:58 PM

Submitted on: 2/3/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Nicholas Winters	Individual	Oppose	No

Comments: These insane tobacco tax increases need to stop.

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Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Dietrich	Individual	Oppose	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	mauimoonflower@gmail.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Thursday, February 04, 2016 4:34:01 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Sabrina Spencer	Individual	Oppose	No

Comments:

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From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	surfmaster008@gmail.com
Subject:	Submitted testimony for SB2692 on Feb 6, 2016 09:00AM
Date:	Thursday, February 04, 2016 9:28:27 PM

Submitted on: 2/4/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Higa	Individual	Oppose	No

Comments: Stop raising these taxes!

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Aloha, I am testifying today in **strong opposition** of SB2692. In my opinion putting ecigarettes, vapor products, and e-liquids in the same category as combustible cigarettes and small cigars is misguided at best. Traditionally taxes on combustible cigarettes are intended to discourage use. However, due to the fact that e-cigarettes are estimated to be 99% less harmful than smoking, discouraging use is counter to the overall goal of reducing the smoking rate. Surveys show that if ecigarettes are taxed at a rate that causes them to become as, or more, expensive than cigarettes. Up to 65% of users will not quit, they will return to smoking. This will also discourage future users from exploring and making the switch to a product that has been proven to be much less harmful. Overall that will irreparably harm the public health here in our beautiful state.

These products are helping people. I am proof. I was a 1½ to 2 pack a day smoker for over 35 years. I was drawn in by cigarettes when I was just 11 years old and tried for many years to get that monkey off my back. It affected my health in many ways, including lowered lung function among others. I tried every way imaginable to quit. Patches, gums, hypnosis, chantix. None of them worked and some had side effects that were much worse than that of the smoking itself. I picked up an e-cigarette from a vapor shop I happened to wander by in Kailua-Kona. After a few hours of using it I knew it would be the thing to keep me off of the cigarettes I knew were killing me. I threw away my cigarettes and never looked back. That was over 2 years ago. Since that time I have lowered my nicotine levels in the e-cigarette by more than 80% and can see a day when there will be no nicotine or e-cigarette use. If the cost had been equivalent to traditional cigarettes, I don't know that it would have happened due to the fact that cigarettes are so much more accessible. I can now run and play sports again without feeling like death is at the door. My lung function has improved 10 fold and I no longer wake up with the nagging cough or chest full of phlegm in the morning. These products saved my life and that of many other people.

Taxing these products equivalent with traditional cigarettes would be doing a great disservice to your constituents and all the people of Hawaii Nei. Please rethink this strategy and do right by the people you represent. Do not be drawn in by the misinformed and misguided anti tobacco lobby. E-cigarettes are not cigarettes and should not be treated as such. Mahalo for your time.

Submitted on: 2/1/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Vin Kim	Individual	Oppose	No

Comments: Tobacco Cigarettes and Vaping are completely different things. Vaping is a harm reduction method to help quit Tobacco Cigarettes. A tax should not be added to a method that have been helping people quit smoking.

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From:	mailinglist@capitol.hawaii.gov
To:	CPH Testimony
Cc:	susanlarson78@gmx.com
Subject:	*Submitted testimony for SB2692 on Feb 6, 2016 09:00AM*
Date:	Friday, February 05, 2016 12:32:05 PM

<u>SB2692</u>

Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Larson	Individual	Oppose	No

Comments:

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<u>SB2692</u>

Submitted on: 2/5/2016 Testimony for CPH on Feb 6, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
P Kuromoto	Individual	Oppose	No

Comments: Unnecessary tax increase that will apply inappropriately ecigarettes and vapor products, which are an effective alternative to smoking cigarettes. This is bad policy.

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To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

Re: Strong Support of SB 2692, Relating to Tax Rate for Tobacco Products

Hrg: February 6, 2016 at 9:00am at Capitol Room 229

I STRONGLY SUPPORT SB 2692, which would raise the tax from 70% to 80% on the wholesale price of "other tobacco products" (OTP), excepting only large cigars.

Tobacco taxes are a proven strategy to reduce smoking, particularly among teenagers and low-income people. Tobacco use is the single most preventable cause of disease and death in the U.S. Serious health conditions like cancer, gum disease, and cardiovascular disease caused by snuff and chew will be reduced, saving lives and taxpayer dollars in Hawai'i. Tobacco use costs our state \$526 million annually.

Increasing the tax on OTPs discourages youth from using tobacco products as youth are more sensitive to prices than adults. We must ensure that taxes on all tobacco products are equitable so that those who are addicted to nicotine will be incentivized to quit instead of turning to other products. Hawai'i has been leading the way in tobacco control, and this bill will continue to champion our efforts in being a vanguard state in the nation.

I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Barbara Nosaka 2216 Hoonanea Street Honolulu, HI 96822

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

Re: Strong Support of SB 2692, Relating to Tax Rate for Tobacco Products

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo, Christopher La Chica

Christopher La Chica

Mililani, HI 96789

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Cynthia Chow 46-369 Haiku Road D-6 Kaneohe, HI 96744

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

Re: Strong Support of SB 2692, Relating to Tax Rate for Tobacco Products

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Forrest Batz HC3 Box 4730 Keaau, HI 96749

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

Re: Strong Support of SB 2692, Relating to Tax Rate for Tobacco Products

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo, John A. H. Tomoso, MSW, ACSW, LSW 51 Ku'ula Street Kahului, HI 96732-2906

Hau'oli Tomoso 51 Ku'ula Street Kahului, HI 96732

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Joseph Humphry 3579 Nipo Street Honolulu, HI 96822

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Kanani Kilbey 53-510 Kamehameha Highway Attn: Dr. Bryan Mih, HEALTHY program Hauula, HI 96717

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Kevin Cassel 1054 Green St Honolulu, HI 96822

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Lance Ching 45-633 Haukaekae Pl Kaneohe, HI 96744

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Lawrence Denis PO Box 385847 Waikoloa, HI 96738

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Maria Moreno - Chow 548 Uluoa st. Kailua, HI 96734

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Marilyn Gagen 59-398 Ka Nani Drive N/A Kamuela, HI 96743

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Mahalo,

Michael Kellar 435 Haleloa Place, Apt. E Honolulu, HI 96821

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Michelle Gray 430 Lanipuao Street Honolulu, HI 96825

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

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Mahalo,

Nicole Kerr 520 N. Kalaheo Kailua, HI 96734

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Ronald Chow 548 ULUOA ST KAILUA, HI 96734

To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health

Re: Strong Support of SB 2692, Relating to Tax Rate for Tobacco Products

Hrg: February 6, 2016 at 9:00am at Capitol Room 229

I STRONGLY SUPPORT SB 2692, which would raise the tax from 70% to 80% on the wholesale price of "other tobacco products" (OTP), excepting only large cigars.

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Mahalo,

Shay Chan Hodges 37 Puu Koa Place Haiku, HI 96708

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I strongly support SB 2692 and ask you to pass this measure out of committee.

Mahalo,

Shilpa Patel

Honolulu, HI 96822

- To: The Honorable Rosalyn Baker, Chair The Honorable Michelle Kidani, Vice Chair Members of the Senate Committee on Commerce, Consumer Protection, and Health
- Re: Strong Support of SB 2691, Relating to Chapter 245, Hawai'i Revised Statutes
- Hrg: February 6, 2016 at 9:00am at Capitol Room 229

I strongly support SB 2691, which proposes a tax on disposable and reusable electronic smoking devices, including e-liquids containing nicotine.

Electronic smoking devices (ESDs), or e-cigarettes entered the market only six years ago, yet ESD usage rates are growing at alarming rates. It has surpassed the use of cigarettes, with ESD use among middle and high school students TRIPLING in a year's time. In Hawai'i, 1 in 5 adults and high school students and 1 in 10 middle school students smoke e-cigarettes.

Big tobacco companies are now all active in the e-cigarette business. They are using the same tobacco marketing tactics called out by the Surgeon General as predatory. Popular local e-liquid flavors include Kona coffee, Maui mango, Pele's papaya, and pineapple punch.

With e-cigarette use at an all-time high, the appeal of ESDs has to be curbed. ESDs are filled with nicotine and other toxic chemicals that are turned into a carcinogenic aerosol and inhaled by the user. The Centers for Disease Control and Prevention's April 2015 briefing stated: "It's important that everyone, parents and kids, understand that nicotine is dangerous for kids at any age, whether it's an e-cigarette, hookah, cigarette, or a cigar." Most ESDs contain nicotine, which causes addiction, may harm brain development, and could lead to continued tobacco product use among youth. These increases are driving an uptick in the total number of our children who are using tobacco products for the first time in a generation.

It is time for ESDs to be taxed similar to other tobacco products. Last year, 22 states proposed e-cigarette taxes. I ask that Hawai'i follow suit and continue being a leader in protecting our kids from dangerous addiction. I strongly support SB 2691 and ask you to pass this out of committee.

Mahalo,

True Dinson

Kailua Kona, HI 96740