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STATE OF HAWAII
DEPARTMENT OF TAXATION

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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2504, Relating to Cigarette Taxes.

BEFORE THE:

House Committees on Higher Education & Technology and Health & Homelessness

DATE: Friday, February 2, 2024

TIME: 2:05 p.m.

LOCATION: State Capitol, Room 309

Chairs Perruso and Belatti, Vice-Chairs Kapela and Takenouchi, and Members of the Committees:

The Department of Taxation ("Department") offers the following comments regarding H.B. 2504 for your consideration.

H.B. 2504 makes two amendments to chapter 245, Hawaii Revised Statutes (HRS), which governs the State's cigarette tax and tobacco tax. Section 1 of the measure amends section 245-3, HRS, to increase the rate of tax on each cigarette and little cigar sold, used, or possessed by a wholesaler or dealer from 16.00 cents per unit sold on or after July 1, 2011, to 18.00 cents per unit sold on or after July 1, 2024. Section 2 of the measure amends section 245-15, HRS, so that revenues from the new rate of tax are deposited as follows after June 30, 2024:

- (A) 4.00 cents per cigarette to the Hawaii Cancer Research Special Fund pursuant to section 304A-2168, HRS;
- (B) 1.125 cents per cigarette, but not more than \$7,400,00 in a fiscal year, to the Trauma System Special Fund pursuant to section 321-22.5, HRS;
- (C) 1.25 cents per cigarette, but not more than \$8,800,00 in a fiscal year, to the Community Health Centers Special Fund pursuant to section 321-1.65, HRS; and
- (D) 1.25 cents per cigarette, but not more than \$8,800,000 in a fiscal year, to the Emergency Medical Services Special Fund pursuant to section 321-234, HRS.

H.B. 2504 is effective July 1, 2024.

The Department is able to administer this bill as written. Thank you for the opportunity to provide comments on this measure.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Higher Education & Technology
House Committee on Health & Homelessness
Friday, February 2, 2024 at 2:05 p.m.

By
Naoto Ueno
Director, UH Cancer Center
And
Michael Bruno
Provost
University of Hawai'i at Mānoa

HB 2504 – RELATING TO CIGARETTE TAX

Chairs Perruso and Belatti, Vice Chairs Kapela and Takenouchi, and Members of the Committees:

Thank you for the opportunity to present our testimony today. The UH Cancer Center is in **strong support** of HB 2504, which increases the cigarette tax from \$0.16 to \$0.18 per cigarette. Currently, the cigarette tax revenues are allocated where \$0.02 supports Hawai'i's Cancer Center. The bill would provide for an additional \$.02 in the cigarette tax amount allocated to the Hawai'i cancer research special fund (for a total of \$0.04 per cigarette).

This funding has been instrumental since its inception in 2006, enabling the construction of the UH Cancer Center building and launching strategic initiatives to combat cancer. However, due to the success of smoking cessation efforts, this revenue has declined, indicating both progress in public health and a concerning decrease in resources for the initiatives that have fueled this advancement. Now providing less than half the funding compared to that of 2009, this source of revenue is no longer able to support its original intent to provide a top-notch facility and to invest in the most promising research impacting the burden of cancer in Hawai'i and the Pacific.

The implications of the proposed increase are profound, empowering UH Cancer Center to attract and retain top-tier scientists and clinicians, thus expanding our capacity to conduct groundbreaking research and deliver cutting-edge patient care.

The return on this investment is multifold:

Investment in Tobacco Research is an Investment in the Health and Wellbeing of Our Community.

This funding has supported and provided the infrastructure for developing evidence-based programs to understand the health behaviors underlying tobacco use, including:

- developing and testing culturally-tailored interventions to promote smoking cessation among Native Hawaiians, Pacific Islanders, Asian Americans, and low-income populations;

- conducting longitudinal studies on the patterns, predictors, and consequences of e-cigarette use among adolescents and young adults in Hawai'i;
- evaluating the impact of tobacco control policies, such as smoke-free laws, tobacco taxes, and minimum legal age of sale, on tobacco use behaviors and health outcomes;
- providing evidence-based knowledge to inform public health officials and regulatory authorities on how to regulate tobacco products effectively and in a way that best serves individuals and public health;
- conducting tobacco-related research to advance health equity and prevent the initiation of tobacco use among youth and young adults.

Investment in the UH Cancer Center is an Investment in Economic Growth.

The UH Cancer Center attracts federal grants and collaboration that contribute to our local economy. It positions Hawai'i as a leader in cutting-edge cancer research and clinical care that serves our community and generates revenues from patients seeking treatment and care customized to the needs of our diverse Pacific Asian populations.

Funding the UH Cancer Center enables it to provide for:

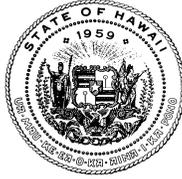
- attracting committed and world-class researchers and clinical investigators with start-up packages for new faculty recruits who will bring federal grants and propel groundbreaking discoveries in cancer prevention, treatment, and care ;
- addressing the shortage of specialized oncology practices in Hawai'i;
- Attracting pharmaceutical companies partnering with UH Cancer Center and hospitals to fund clinical trials for patients in Hawai'i, Asia, and the Pacific regions.

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

We firmly believe that now is the time to prioritize cancer research and demonstrate our commitment to improving the health and well-being of our communities and providing the best treatment for our patients. It impacts the community by providing better quality cancer treatment and prevention by recruiting disease expert cancer doctors rather than general oncologists. By directing additional funds towards cancer research and clinical trials, we can harness the full potential of UH Cancer Center and foster an environment where innovative cancer treatments and prevention are developed, benefiting cancer patients statewide and the community we serve.

Based on the above, we believe that an increased allocation of 2 cents per cigarette tax is well spent to keep Hawai'i at the forefront of cancer research and ensure that our communities receive the care and resources they deserve. Prioritizing UH Cancer Center through this tax reallocation is not merely a fiscal decision but a statement of our collective commitment to the health and prosperity of Hawai'i's people. The benefits of this investment will resonate far beyond the immediate fiscal year, marking a steadfast path toward a future where cancer can be effectively combatted.

Thank you for this opportunity to testify.



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

**Testimony in SUPPORT of H.B. 2504
RELATING TO CIGARETTE TAXES**

REPRESENTATIVE AMY A. PERRUSO, CHAIR
HOUSE COMMITTEE ON HIGHER EDUCATION AND TECHNOLOGY

REPRESENTATIVE DELLA AU BELATTI, CHAIR
HOUSE COMMITTEE ON HEALTH AND HOMELESSNESS

Hearing Date: February 2, 2024

Room Number: Conference Room 309
and via videoconference

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

5 **Department Position:** The Department of Health (DOH) supports this measure requested by
6 the Governor as both a health equity and social justice issue to address the burden of tobacco
7 use in Hawaii.

8 **Department Testimony:** The DOH supports House Bill 2504 (H.B. 2504) which would impose an
9 excise tax equal to 18.00 cents for each cigarette or little cigar sold, used, or possessed by a
10 wholesaler or dealer on and after July 1, 2024, whether or not sold at wholesale, or if not sold
11 then at the same rate upon the use by the wholesaler or dealer.

1 According to the U.S. Surgeon General, increasing the price of tobacco products is the
2 single most effective way to reduce consumption.¹ A ten percent increase in price has been
3 estimated to reduce overall cigarette consumption by 3-5%.² Research also suggests that both
4 youth and young adults are two to three times more likely to respond to increases in price than
5 adults.³

6 The burden of tobacco use is unequivocally felt by Hawaii's communities and population
7 groups. Due to the intentional marketing practices of the tobacco industry, Native Hawaiian
8 (16.5%), individuals who identify as LGBT (12.3%), those who are of low socioeconomic status
9 (20.3%), and those with behavioral health conditions (19.7%) or substance use disorders
10 (17.5%) have higher smoking prevalence than the state average (10.1%).⁴

11 Cigarette smoking persists as the leading cause of preventable death nationally⁵ and is
12 linked to heart disease, cancer, and stroke which were also the leading causes of death in
13 Hawaii in 2021.⁶ Each year an estimated 1,400 Hawaii adults die from smoking.⁷ The Centers
14 for Disease Control and Prevention estimates that smoking causes approximately 90% of all
15 lung cancer deaths and 80% of all deaths from chronic obstructive pulmonary disease
16 (COPD).^{8,9}

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

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

³ HHS, Preventing Tobacco Use Among Youth and Young Adults: A Report of the Surgeon General, 2012, <http://www.surgeongeneral.gov/library/reports/preventing-youth-tobacco-use/full-report.pdf>

⁴ Hawai'i Health Data Warehouse – BRFSS (2021)

⁵ U.S. Department of Health and Human Services. [The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General](#). Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014 [accessed 2017 Apr 20].

⁶ HHDW. New: Leading Causes of Death Report Series. November 1, 2023. <https://hhdw.org/na-leading-causes-of-death-reports/>

⁷ Campaign for Tobacco-Free Kids. Toll of Tobacco in Hawaii. November 21, 2023. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

⁸ U.S. Department of Health and Human Services. [The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General](#). Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014 [accessed 2017 Apr 20].

⁹ U.S. Department of Health and Human Services. [How Tobacco Smoke Causes Disease: What It Means to You](#). Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2010 [accessed 2017 Apr 20].

1 Cigarette smoking also takes a financial toll on the state. The annual estimated health
2 care costs directly caused by smoking in Hawaii is \$611 million.¹⁰ Smoking-caused government
3 expenditures result in a tax burden of \$983.00 per household and \$1.1 billion in lost
4 productivity in Hawaii.¹¹

5 The World Health Organization (WHO) recommends that tobacco taxes should be raised
6 significantly and at regular intervals to ensure that tobacco products do not become more
7 affordable.¹² The last cigarette tax increase in Hawaii was 13 years ago in 2011¹³ and there was
8 an observed decrease in high school cigarette use from years prior and continued steadily
9 thereafter.¹⁴ The DOH supports H.B. 2504 to increase the excise tax on cigarettes and little
10 cigars and defers to the State Legislature regarding allocation of revenues.

11 **Offered Amendments:** None

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

¹⁰ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. November 21, 2023. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

¹¹ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. November 21, 2023. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

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

¹³ Act 192, H.B. 2542, C.D. 1, SLH 2010, retrieved 2/01/24 from https://www.capitol.hawaii.gov/sessions/session2010/bills/HB2542_CD1_.pdf

¹⁴ HHDW. (2005-2021). Youth Risk Behavior Survey (YRBS) Current smoking- high school. https://hhdw.org/report/query/result/yrbs/CigsCurr/CigsCurr_HS_ST.html

HB-2504

Submitted on: 1/31/2024 11:49:49 AM

Testimony for HET on 2/2/2024 2:05:00 PM

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

Comments:

The Cigar Association of America opposes any increase in the excise tax on little cigars.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: CIGARETTE, TOBACCO, Tax Hike, Increase Earmark to Cancer Research Special Fund

BILL NUMBER: HB 2504, SB 3193

INTRODUCED BY: HB by SAIKI, SB by KOUCHI (Governor's Package)

EXECUTIVE SUMMARY: Increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawai'i cancer research special fund.

SYNOPSIS: Amends section 245-3, HRS, to raise the tobacco tax on cigarettes from 16 cents to 18 cents per cigarette on and after July 1, 2024.

Amends section 245-15, HRS, to raise the earmark on the tobacco tax per cigarette to the Hawaii cancer research special fund by 2 cents after June 30, 2024.

EFFECTIVE DATE: July 1, 2024.

STAFF COMMENTS: This is an Administration bill sponsored by the University of Hawaii and designated UOH-09 (24).

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

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

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

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

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

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

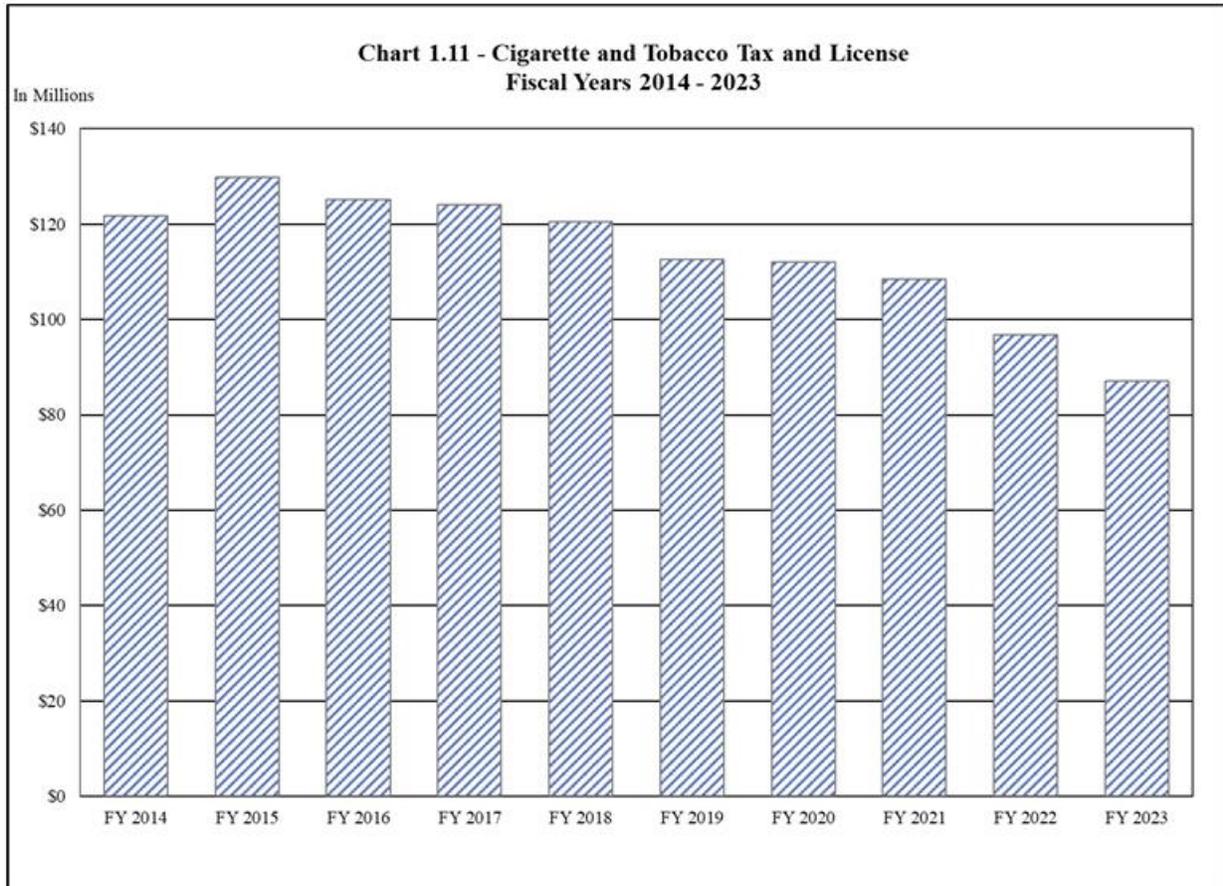
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers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

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

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

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

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



Source: Department of Taxation Annual Report (2022-2023), page 24.

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

Digested: 1/31/2024



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 2, 2024**

Re: HB 2504 Relating to Cigarette Tax

Good afternoon, Chair Perruso, and Chair Belatti and members of the House Committee on Higher Education & Technology and the House Committee on Health & Homelessness. I am Tina Yamaki, President of the Retail Merchants of Hawaii.

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

We OPPOSE HB 2504 Relating to Cigarette Taxes. This measure increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawai'i cancer research special fund.

Many retailers statewide are already operating on a thin margin and face stiff competition. Raising the tobacco tax will profoundly affect our locally owned businesses, especially the small locally owned businesses like the corner store and may potentially force some of them to close.

The higher price of these types of goods would only make it more attractive to shoplift. We have seen a significant spike in theft and tobacco and vape products are a favorite product to be stolen. We would also see more people purchasing them on the illegal black market, on the dark web or on military bases or try to make it themselves and essentially force many small local businesses who sells these items to shut down, thus leaving many of our family, friends, and neighbors out of work.

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



Hawaii COPD Coalition

P O Box 240053

Honolulu, HI 96824

hicopd@gmail.com

(808)699-9839

January 31, 2023

Honorable Chairs Representative Amy Perruso and Della Au Bellati
Honorable Vice-Chairs Representatives Jeanne Kapela and Jenna Takenouchi
Members of the House Committees on Higher Education & Technology and Health & Homelessness

RE: **Strong Support for HB25404, Relating to Cigarette Taxes**

Dear Chairs Perruso and Au Bellati, Vice Chairs Kapela and Takenouchi, and members of the House Committees on Higher Education & Technology and Health & Homelessness,

This measure is extremely critical to the health of the children of our state and our entire state as well. **Please pass HB2504**, which would **raise the cigarette tax**. This will help discourage youth use and will use the money collected from the increase for the Cancer Research Fund.

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

Research shows conclusively that significant price increases reduce tobacco use among youth. Please help protect the lungs and lives of our children from cigarettes. We urge you to please **vote in favor of HB2504 pass it out of committee so our keiki and community will be protected via higher tobacco taxes**. The Hawaii COPD Coalition thanks you very much for your careful consideration of this most important and timely bill.

Very truly yours,

Valerie Chang

Valerie Chang

Executive Director



**Testimony to the House Joint Committee on Higher Education and Technology and
Health and Homelessness
Friday, February 2, 2024; 2:05 p.m.
State Capitol, Conference Room 309
Via Videoconference**

RE: HOUSE BILL NO. 2504 – RELATING TO CIGARETTE TAXES.

Chair Perruso, Chair Belatti, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** House Bill No. 2504, RELATING TO CIGARETTE TAXES.

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

This bill, as received by your Committee, would raise the Cigarette and Tobacco Tax by 2.0 cents per cigarette sold, used or possessed by a wholesaler or dealer on or after July 1, 2024, and increase the deposit of cigarette and tobacco tax revenues to the Hawaii Cancer Research Special Funds from 2.0 cents per cigarette to 4.0 cents.

During the Regular Session of 2023, the HPCA testified in support of House Bill No. 1301, a measure that would have appropriated an unspecified amount of general funds for fiscal years 2023-2024, and 2024-2025, for a multi-ethnic cohort study focusing on the social determinants of health, lifestyles, environmental exposures, and resilience factors of Native Hawaiians, Pacific Islanders, and Filipinos. The funds would have been expended by the University of Hawaii, and require the University to seek additional funds to complete the multi-cohort study. This study would have been performed by the Cancer Research Center.

Testimony on House Bill No. 2504
Friday, February 2, 2024; 2:05 p.m.
Page 2

Despite strong support by health care providers and the community at large, House Bill No. 1301, unfortunately, failed to be approved last year.

During the interim following the 2023 Regular Session, various stakeholders and community organizations met to discuss ways of providing the Cancer Research Center with sufficient resources to conduct the multi-cohort study. At that time, it was disclosed that the Cancer Research Center had a dedicated funding source – the Cigarette and Tobacco Tax – that could be used to fund research projects.

At that time, the stakeholders considered requesting the Governor to use his powers to shift funds to immediately fund the cohort study. However, after careful consideration, the stakeholders decided not to proceed in that manner.

We note that the bill before you was submitted as part of the Administration's legislative package. It would provide for a slight increase in the Cigarette and Tobacco Tax with the proceeds directed to the Cancer Research Center. With the additional resources provided by this tax increase, the Cancer Research Center would be able to devote these funds for research projects, such as the cohort study.

For the foregoing reasons, the HPCA supports this measure and urges your favorable consideration.

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.

HB-2504

Submitted on: 2/1/2024 11:25:20 AM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Zehner	Hawaii Smoker Alliance	Oppose	Written Testimony Only

Comments:

We strongly oppose this bill. Bashing us taxpayers for a deliberately unsound funding arrangement concerning the "Cancer Research Center" will show a contempt to those taxpayers the legislature claims to represent. How about instead the center gets off its' butt and seeks private contributions or gets an actual return on the "research" services provided?

Friday, February 2, 2024; 2:05 pm
Conference Room 309 & Videoconference

House Committee on Higher Education & Technology

To: Representative Amy Perusso, Chair
Representative Jeanne Kapela, Vice Chair

House Committee on Health & Homelessness

To: Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice Chair

From: Ray Vara
President & CEO

**Re: Testimony in Support of HB 2504
Relating To Cigarette Taxes**

My name is Ray Vara and I am the President and CEO of Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I write in support of HB 2504 which increases the cigarette tax by 2 cents and allocates the increase in the cigarette tax amount to the Hawai'i Cancer Research special fund.

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

The decline in cigarette tax revenue has been due to successful cessation programs in which the Cancer Center has been a collaborative partner. This underscores the need for sustained state support to continue these vital efforts. The declining revenue from the cigarette tax which has resulted from declining cigarette sales has had a negative impact on the Cancer Center's ability to maintain the cutting-edge research it is engaged in.

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

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

Thank you for the opportunity to testify.



House Committee on Higher Education & Technology
Rep. Amy A. Perruso, Chair
Rep. Jeanne Kapela, Vice Chair

House Committee on Health and Homelessness
Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice Chair

Hearing Date: Friday, February 2, 2024

ACS CAN SUPPORTS HB 2504 – RELATING TO CIGARETTE TAXES.

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

Thank you for the opportunity to **SUPPORT** HB 2504: Relating to Cigarette Taxes.

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

ACS CAN supports increased funding for the University of Hawai'i Cancer Center. This year, 8,670 people from Hawai'i will be diagnosed with cancer. The UH Cancer Center provides important cancer research, access to life-saving treatment including clinical trials which play a critical role in reducing the cancer burden for multi-ethnic residents. Sustainability of the National Cancer Institute (NCI) designated UH Cancer Center is vital for cancer screening, prevention, treatment, and education, significantly reducing the cancer burden in Hawai'i and the Pacific.

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



HIPHI Board

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Native Hawaiian Research Office

HIPHI Initiatives

Coalition for a
Tobacco-Free Hawai'i

Community-Based Research &
Evaluation

Community Health
Worker Initiatives

COVID-19 Response

Environmental Health

Hawai'i Drug & Alcohol-Free
Coalitions

Hawai'i Farm to School Hui

Hawai'i Oral Health Coalition

Hawai'i Public Health Training Hui

Healthy Eating + Active Living

Kūpuna Collective/Healthy Aging
& Community Living

Public Health Workforce
Development

Date: February 1, 2024

To: Representative Amy Perruso, Chair
Representative Jeanne Kapela, Vice Chair
Members of the House Committee on Higher Education &
Technology

Representative Della Au Belatti, Chair
Representative Jenna Takenouchi, Vice Chair
Members of the House Health & Homelessness Committee

Re: Support HB2504, Relating to Tobacco Products

Hrg: Friday, February 2, 2024 at 2:05 PM

The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute,ⁱ is in **Strong Support of HB2504**, which would raise the cigarette tax and deposit that extra revenue into the Cancer Research Special Fund.

Protects youth.

Increasing tobacco taxes are a proven way to help reduce youth use. When the price of goods increases, price-sensitive youth buy them less. Nationally, every 10% increase in cigarette prices reduces youth smoking by about 7%.ⁱⁱ Hawai'i raised the cigarette tax over 12 years ago in 2011, a decline in youth use followed. In 2011, 10% of youth reporting currently using cigarettes. In 2019, 5% of youth reported currently using cigarettes.ⁱⁱⁱ

A comprehensive approach is necessary.

A variety of proven policies must be enacted to address tobacco use, raising the tobacco tax is one of them. Every year, tobacco-related diseases cost Hawai'i \$611M in healthcare costs, and 1,400 adults die from smoking.^{iv} It is only through a comprehensive approach that we can address the harms of tobacco use in our communities.

It is time.

The cigarette tax was last raised in July 2011. Although great strides have been made in tobacco prevention and control over the past twelve years, there is still more to do. 73% of registered Hawai'i support a \$1.00 tax increase for a pack of cigarettes.^v Increasing

cigarette taxes regularly will correct for inflation and consumer purchasing power. Raising taxes is a proven strategy to reduce consumption on tobacco products. This increase helps to stop youth from using cigarettes, encourage adults to quit, and provide crucial funding for the Hawai'i Cancer Research Fund.

We applaud the Legislature for helping to strengthen the health of our state by considering this measure, and thank these committees for hearing HB2504.

We respectfully ask you to pass this measure.

Mahalo,



Peggy Mierzwa
Director of Policy & Advocacy
Hawai'i Public Health Institute

ⁱ 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.

ⁱⁱ *U.S. state and local issues: Tobacco taxes*. Campaign for Tobacco-Free Kids. (2023, September 1). <https://www.tobaccofreekids.org/what-we-do/us/state-tobacco-taxes#:~:text=Health%20Win%3A%20Tobacco%20tax%20increases,consumption%20by%20about%20four%20percent.>

ⁱⁱⁱ https://hhdw.org/report/query/result/yrbs/CigsCurr/CigsCurr_HS_ST.html

^{iv} <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

^v This study by Ward Research, Inc. summarizes findings from a phone survey among n=707 Hawaii registered voters (maximum sampling error +/- 3.7%), conducted between October 6 to November 29, 2023.

Testimony in Support of HB 2504, SB 3193, and SB 3292

Adventist Health Castle, ("Castle") writes to express support for the above referenced bills introduced by Governor Josh Green (HB 2504, SB 3193) and Senator San Buenaventura (SB 3292) aimed at increasing funding for cancer research by increasing the cigarette tax and allocating said increase on the cigarette tax amount to the Hawai'i Cancer research special fund.

Castle is a 160-bed facility located on the windward side of the island of O'ahu serving all patients both on O'ahu and other Hawaiian Islands for a full range of acute care and ambulatory services. Castle is an affiliate of Adventist Health, a faith-based, nonprofit, integrated health system serving more than eighty communities on the west coast of California and in Hawaii.

Castle is acutely aware of the devastating impact that cancer has on patients and their families. The importance of addressing cancer comprehensively through robust state-of-the-art research is a significant step towards finding effective treatments and improving patient outcomes.

Investing in cancer research through an increased cigarette tax and allocation to the Hawaii Cancer research fund ensures continued and sustained support for the University of Hawaii Cancer Center, an organized research unit within the University of Hawaii at Manoa, notable as one of only seventy-two institutions in the United States designated as a Comprehensive Cancer Center by the National Cancer Institute (NCI).

Such funding not only saves lives, but also contributes to the growth of innovative technologies and medical advancements that benefit Hawaii and the Pacific region including U.S. affiliated Pacific islands.

Increased funding is an investment in the Hawaii community, fostering an environment of innovation in community health and wellbeing, including culturally competent care and forward-thinking research aimed at further understanding the nature of this insidious disease.

Increased funding will also attract top-tier researchers and clinical investigators, fostering an environment of innovation and collaboration that is essential for breakthroughs in diagnosis, treatment, and care of cancer patients.

Castle wholeheartedly supports the above bills and strongly believes that an increase of two cents per cigarette tax is a small but essential investment for cancer care and treatment. Castle trusts that this legislature will prioritize the health and wellbeing of its citizens by supporting the above referenced bills enhancing funding for cancer research.

Mahalo for your consideration of Castle's testimony.

Respectfully Submitted,



Ryan Ashlock, President
Adventist Health Castle

HB-2504

Submitted on: 1/31/2024 9:33:18 AM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Michelle K.	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT of this bill as we know cigarettes are harmful to health, so a higher tax on this product is necessary to discourage purchase. Plus, those who cannot quit should pay for their bad habit which is a nuisance to nonsmokers who wish to breathe in clean air. A higher cigarettes tax is a win for the environment. Thank you for your consideration!

HB-2504

Submitted on: 1/31/2024 4:48:57 PM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Jessica Chang	Individual	Oppose	Written Testimony Only

Comments:

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HB-2504

Submitted on: 1/31/2024 5:00:41 PM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Donita Garcia	Individual	Support	Written Testimony Only

Comments:

I support this bill because I have lost 6 family members to smoking related illnesses. My mother (54) cancer of the esophagus, my father (61), husband (66) and brother (47) heart disease, my sister (61) COPD, and sister-in-law (63) pancreatic cancer. I am a Certified Tobacco Treatment Specialist and I do not want to watch anyone else die from tobacco use when it is preventable. Please pass this bill it is one step closer to a person quitting smoking/vaping.

HB-2504

Submitted on: 1/31/2024 6:33:31 PM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Mark Owens	Individual	Oppose	Written Testimony Only

Comments:

Opposed.

Date: Feb 1, 2024

To: The Honorable Amy A. Perruso, Chair
The Honorable Jeanne Kapela, Vice Chair
Members of the House Committee on Higher Education & Technology

The Honorable Della Au Belatti, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members of the House Committee on Health & Homelessness

Re: **Support for HB 2504**, Relating to Cigarette Taxes

Hrg: Friday February 2, 2024 at 2:05 pm via Videoconference Conference Room 309

Aloha House Committees on Higher Education & Technology and Health & Homelessness,

As a parent, community member and healthcare professional I am writing in **strong support of HB 2504**, which increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawai'i cancer research special fund.

Raising the tobacco tax is a well-proven way to reduce both youth initiation and adult smoking, both of which have long-term health impacts in and on our community.

Allocating the increase for the Cancer Research Fund will allow much-needed cancer research in Hawai'i to continue uninterrupted.

I **strongly support HB 2504**, respectfully ask you to pass it out of committee.

Many thanks for your consideration,

Forrest Batz, PharmD
Keaau, HI

HB 2504

I am writing as a long-time pediatrician to strongly support HB 2504, which raises tobacco taxes, and directs the extra moneys collected to the Hawaii Cancer Research Special Fund. It is well researched and documented that increasing the cost of tobacco products serves a deterrent, especially for youth. Given that we have an epidemic of electronic cigarette use among Hawaii youth, this bill would discourage young people from purchasing even more expensive tobacco products. In addition, directing tobacco income to cancer research in Hawaii is a huge boon toward studies targeting tobacco-related cancers in our state. This is an excellent bill which serves two very vital functions. I strongly urge its passage.

Sincerely,
Linda Weiner, MD
Kauai

HB-2504

Submitted on: 2/1/2024 10:28:38 AM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Bryan Mih	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Bryan Mih and I am a parent, pediatrician, and the medical director of the Kapi'olani Smokefree Families Program. For the health of our keiki and their families, it is vitally important to support this measure, which increases the tax on cigarettes.

The American Academy of Pediatrics strongly supports regulation and taxation of tobacco and nicotine to prevent initiation of use, especially by young people. Nicotine is a highly addictive drug that impacts the adolescent brain, reducing impulse control and affecting mood. Once young people are addicted to nicotine, it is extremely difficult to quit.

Tobacco use is still the leading cause of preventable death in the United States and in Hawai'i. It costs our state over \$526 million in healthcare expenditures every year. Tobacco impacts both smokers and those exposed to secondhand smoke. Smokers can suffer from cancer, cardiovascular disease, and lung disease. Every year in Hawai'i, tobacco kills more than 1,400 adults and contributes to 21,000 premature deaths in children and youth. Many more of our keiki suffer from respiratory illnesses, asthma, and additional hospitalizations due to secondhand tobacco smoke.

Raising cigarette taxes helps discourage price-sensitive youth from starting smoking.

Please support this important measure. Mahalo for your consideration.

Sincerely,

Bryan Mih, MD MPH FAAP

Pediatrician

Medical Director, Kapi'olani Smokefree Families

HB-2504

Submitted on: 2/1/2024 1:03:28 PM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Sabrina Spencer	Individual	Oppose	Written Testimony Only

Comments:

It's too damn high already. Enough already.

HB-2504

Submitted on: 2/1/2024 2:03:30 PM

Testimony for HET on 2/2/2024 2:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Jake J. Watkins	Individual	Oppose	Written Testimony Only

Comments:

Dear Committee,

Overtaxing a tax base destroys the tax base over time and creates a black market. Also if the plan was to make enemies out of people that use these products at election time, you're doing a great job of it.