

STATE OF HAWAII
DEPARTMENT OF HEALTH
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**Testimony in SUPPORT of S.B. 1528
RELATING TO CIGARETTE TAXES**

SENATOR JOY A. SAN BUENAVENTURA, CHAIR
SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

SENATOR DONNA MERCADO KIM, CHAIR
SENATE COMMITTEE ON HIGHER EDUCATION

Hearing Date: February 12, 2025, 1:30 PM

Room Number: Conference Room 225

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

5 **Department Position:** The Department of Health (DOH) supports Senate Bill 1528 (S.B. 1528)
6 which would impose an excise tax equal to 18.00 cents for each cigarette or little cigar sold,
7 used, or possessed by a wholesaler or dealer on and after July 1, 2025, whether or not sold at
8 wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer.

9 **Department Testimony:** According to the U.S. Surgeon General, increasing the price of tobacco
10 products is the single most effective way to reduce consumption.¹ A ten percent increase in
11 price has been estimated to reduce overall cigarette consumption by 3-5%.² Research also

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>

1 suggests that both youth and young adults are two to three times more likely to respond to
2 increases in price than adults.³

3 The burden of tobacco use is disproportionately experienced by Hawaii’s communities
4 and population groups. Due to the intentional marketing practices of the tobacco industry,
5 Native Hawaiian (17.4%), individuals who identify as lesbian, gay, bisexual or transgender
6 (13.9%), those who are of low socioeconomic status (20.1%), and those with behavioral health
7 conditions (17.7%) or substance use disorders (16.8%) have higher smoking prevalence than the
8 state average (10.0%).⁴

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

14 Cigarette smoking also takes a financial toll on the state. The annual estimated health
15 care costs directly caused by smoking in Hawaii is \$611 million.¹⁰ Smoking-caused government

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 (2022)

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. August 16, 2024. <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].

¹⁰ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. August 16, 2024. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

1 expenditures result in a tax burden of \$955.00 per household and \$1.1 billion in lost
2 productivity in Hawaii.¹¹

3 The World Health Organization recommends that tobacco taxes should be raised
4 significantly and at regular intervals to ensure that tobacco products do not become more
5 affordable.¹² The last cigarette tax increase in Hawaii was 14 years ago in 2011¹³ and there was
6 an observed decrease in high school cigarette use from years prior which continued steadily
7 thereafter.¹⁴

8 The DOH supports S.B. 1528 to increase the excise tax on cigarettes and little cigars as a
9 proven public health policy to prevent youth from starting and to help adults to quit smoking
10 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.

¹¹ Campaign for Tobacco-Free Kids. The Toll of Tobacco in Hawaii. August 16, 2024. <https://www.tobaccofreekids.org/problem/toll-us/hawaii>

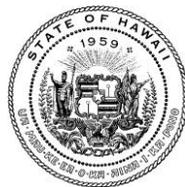
¹² *Raise taxes on tobacco*. (n.d.). Retrieved January 31, 2024, from <https://www.who.int/data/gho/data/themes/topics/raise-taxes-on-tobacco>

¹³ Act 59, HB1985, CD1, SLH 2010, retrieved 2/01/24 from https://www.capitol.hawaii.gov/sessions/session2010/bills/HB1985_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

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GOVERNOR

SYLVIA LUKE
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1528, Relating to Cigarette Taxes.

BEFORE THE:

Senate Committees on Health & Human Services and Higher Education

DATE: Wednesday, February 12, 2025

TIME: 1:30 p.m.

LOCATION: State Capitol, Room 225

Chairs San Buenaventura and Kim, Vice-Chairs Aquino and Kidani, and Members of the Committees:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 1528 for your consideration.

Section 2 of S.B. 1528 amends Section 245-3, Hawaii Revised Statutes (HRS), by increasing the cigarette tax to 18.00 cents for each cigarette or little cigar sold, used, or possessed by a wholesaler or dealer on and after July 1, 2025.

Section 3 of S.B. 1528 amends Section 245-15, HRS, by amending the disposition of cigarette tax revenues after June 30, 2025, and thereafter, as follows:

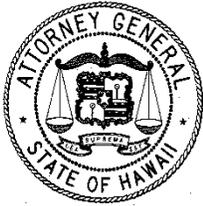
- 4.0 cents per cigarette to the Hawaii Cancer Research Special Fund;
- The lesser of 1.125 cents per cigarette or \$7,400,000 in a fiscal year to the Trauma System Special Fund;
- The lesser of 1.25 cents per cigarette or \$8,800,000 in a fiscal year to the Community Health Centers Special Fund; and
- The lesser of 1.25 cents per cigarette or \$8,800,000 in a fiscal year to the

Emergency Medical Services Special Fund.

The bill takes effect on July 1, 2025.

DOTAX requests that the cigarette tax increase in Section 2 of the bill, and the disposition of cigarette tax revenues in Section 3 of the bill, be amended to take effect on January 1, 2026 This will allow sufficient time for the various cigarette stamp, form, instruction, and system changes needed to administer the changes proposed in this measure.

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



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

ON THE FOLLOWING MEASURE:

S.B. NO. 1528, RELATING TO CIGARETTE TAXES.

BEFORE THE:

SENATE COMMITTEES ON HEALTH AND HUMAN SERVICES AND ON HIGHER EDUCATION

DATE: Wednesday, February 12, 2025 **TIME:** 1:30 p.m.

LOCATION: State Capitol, Room 225

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

Chairs San Buenaventura and Kim and Members of the Committees:

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

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

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

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

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

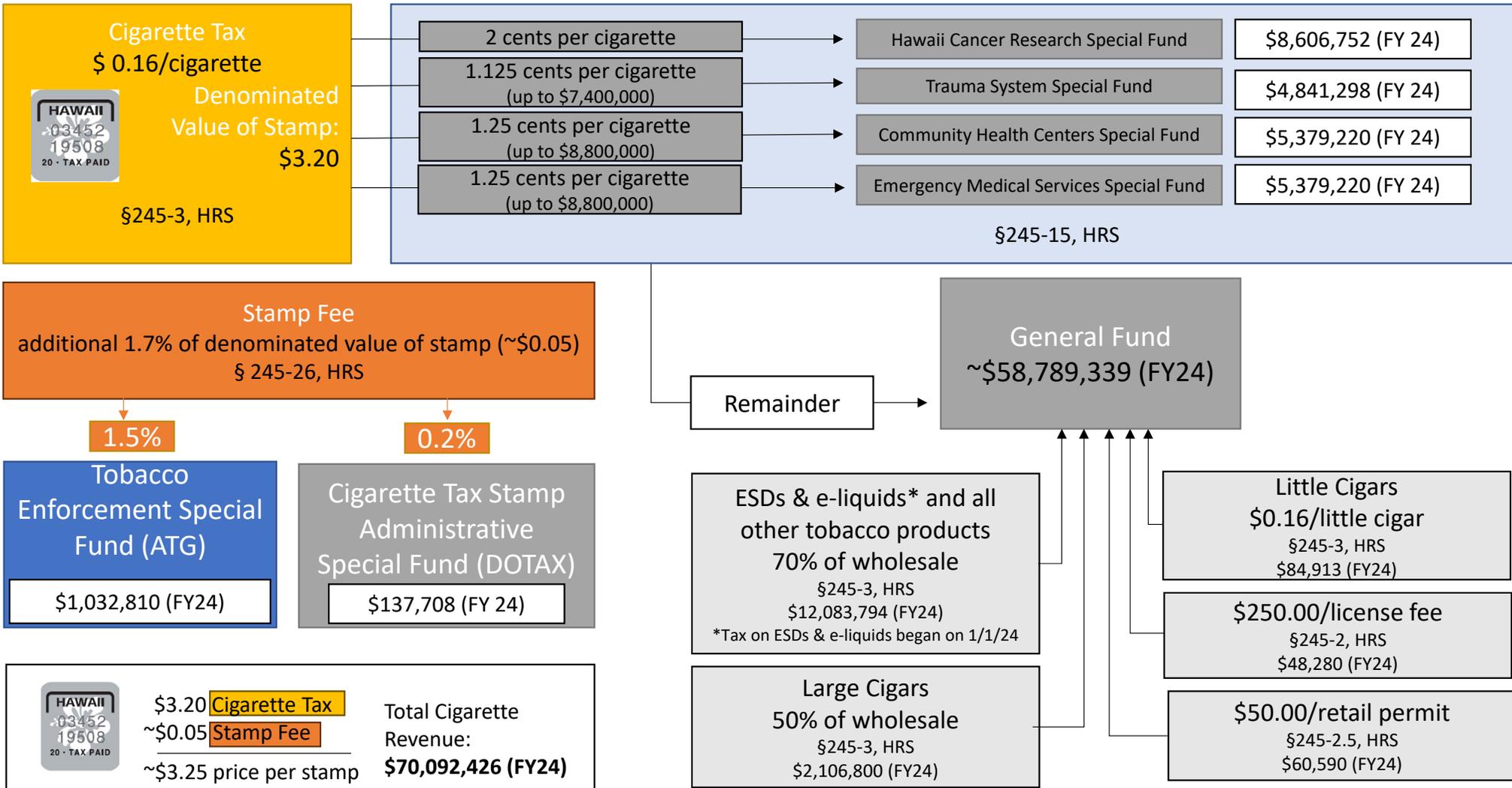
If enforcement is deemed insufficient, tobacco manufacturers may challenge the payment, potentially leading to arbitration and significant financial losses to Hawaii. Hawaii received over \$36.4 million in MSA payments for fiscal year 2023-2024. Recent arbitration decisions found Washington, Missouri,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

The Department recognizes that continued reliance on declining cigarette tax revenue is unsustainable. Therefore, the Department asks that the Committees also consider Senate Bill No. 1404. Senate Bill No. 1404 similarly raises the cigarette tax rate; however, this bill aims to move away from relying on cigarette taxes and expands the tax revenue base to include all revenue collected under chapter 245, HRS, including the new tax revenue collected from e-cigarettes and e-liquids.

The attached chart demonstrates the flow of the cigarette and tobacco tax and license money. For the implementation of a new tax stamp rate, the Department defers to the Department of Taxation.

We respectfully urge the Committees to pass this bill or, alternatively, consider Senate Bill No. 1404 as a viable option. Thank you for this opportunity to testify.

CIGARETTE AND TOBACCO TAX AND LICENSE MONEY





UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Health and Human Services
Senate Committee on Higher Education
Wednesday, February 12, 2025 at 1:30 p.m.

By

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

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

SB 1528 – RELATING TO CIGARETTE TAXES

Chairs San Buenaventura and Kim, Vice Chairs Aquino and Kidani, and Members of the Committees:

Thank you for the opportunity to present our testimony today. The UH Cancer Center is in **strong support** of SB 1528, which would increase the cigarette tax from \$0.16 to \$0.18 per cigarette. Currently, the cigarette tax revenues are allocated where \$0.02 supports Hawai'i's Cancer Center. The bill would provide for an additional \$0.02 in the cigarette tax amount allocated to the Hawai'i cancer research special fund (for a total of \$0.04 per cigarette). Funding from the cigarette tax has been instrumental since this fund's inception in 2006, enabling the construction of the UH Cancer Center building and the launching of strategic initiatives to combat cancer. However, due to the success of smoking cessation efforts, this allocation has declined, indicating both progress in public health and a concerning decrease in resources for the initiatives that have fueled this advancement. Now providing less than half the funding compared with that of 2009, this source of allocation is no longer able to support its original intent to provide a top-notch facility, and to invest in the most promising cancer research, clinical care and community outreach.

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

Returns on this investment will be multifold:

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

More than 70,000 people in this state are living with cancer and praying for a cure, and each year 2,300 Hawai'i residents die of this terrible disease. The UH Cancer Center is a

leader of the Hawai'i Cancer Consortium, a collaborative network of major healthcare and community partners working to improve cancer outcomes for residents of Hawai'i as well as those in the broader Pacific Rim region: The Queen's Health Systems, Hawai'i Pacific Health, Adventist Health Castle, Kuakini Medical Center, Hilo Benioff Medical Center, Hawai'i Medical Service Association (HMSA), and UH Mānoa's John A. Burns School of Medicine. Cigarette tax funding has supported and provided the infrastructure for developing evidence-based programs to understand the health behaviors underlying tobacco use, including:

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

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

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

Funding the UH Cancer Center enables it to provide for:

- Attracting committed and world-class researchers and clinical investigators with start-up packages; such new faculty recruits will increase federal grants and groundbreaking discoveries in cancer prevention, treatment, and care;
- Addressing the shortage of specialized oncology practitioners in Hawai'i;
- Attracting pharmaceutical companies that will partner with the UH Cancer Center and hospitals to fund clinical trials for patients in Hawai'i, Asia, and the Pacific regions.

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

Now is the time to prioritize cancer research, and demonstrate our commitment to improving

the health and well-being of our communities and providing the best treatment for our patients. By 2050, cancer cases worldwide are expected to increase by 77%, to over 35 million, and cancer deaths are projected to nearly double, to 18.5 million, according to the World Health Organization. Residents of Hawai'i and the Pacific will not be immune from this grim trend. Investing in cancer research impacts the community by providing better quality cancer treatment and prevention. It enables recruitment of disease-expert cancer doctors rather than general oncologists. By directing additional funds towards cancer research and clinical trials, we can harness the full potential of the UH Cancer Center and foster an environment where innovative cancer treatments and prevention are developed, benefiting cancer patients across Hawai'i and the Pacific, and beyond.

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

Thank you for this opportunity to testify.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TOBACCO; Hawai'i Cancer Research Special Fund; Tax Increase

BILL NUMBER: SB 1528

INTRODUCED BY: MORIWAKI

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

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

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

EFFECTIVE DATE: July 1, 2025.

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

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

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

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

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

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

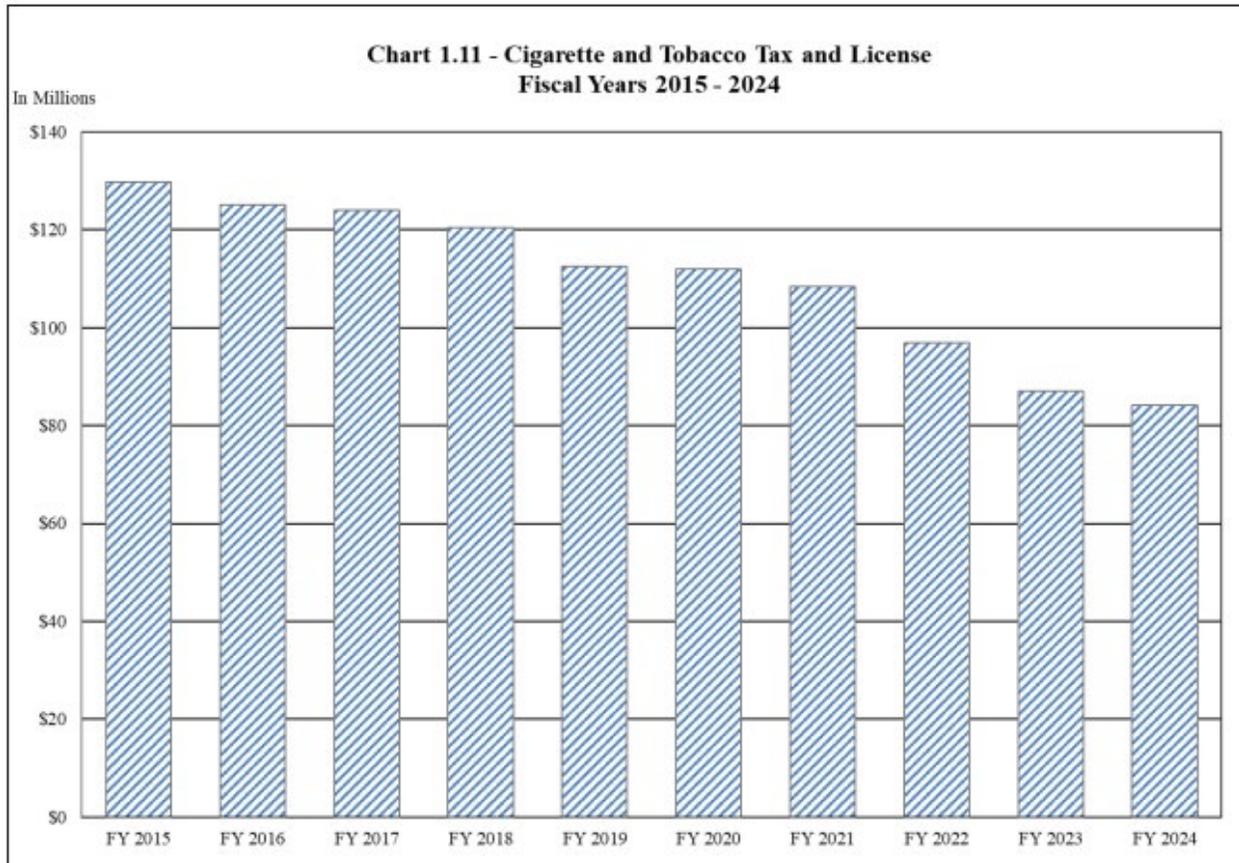
The irony is that arguments to increase the tax on tobacco and, more specifically, cigarettes, is a goal of getting smokers to quit while depending on the revenues from tobacco and cigarette taxes to fund an ongoing program, in this case the Cancer Research Center. So, which is it folks, stop smokers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

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

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

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

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



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

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

Digested: 2/11/2025



Committee on Health and Human Services
Senator Joy San Buenaventura, Chair
Senator Henry Aquino, Vice Chair

Senator Donna Mercado Kim, Chair
Senator Michelle Kidani, Vice Chair
Members of Senate Committee on Higher Education

Hearing Date: Wednesday, February 12, 2025

ACS CAN SUPPORTS WITH AMENDMENTS SB 1528 – RELATING TO CIGARETTE TAXES.

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

Thank you for the opportunity to **SUPPORT WITH AMENDMENTS** SB 1528: Relating to Cigarette Taxes.

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

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

The UH Cancer Center provides important cancer research, access to life-saving treatment including clinical trials which play a critical role in reducing the cancer burden for multi-ethnic residents. Sustainability of the National Cancer Institute (NCI) designated UH Cancer Center is vital for cancer screening, prevention, treatment, and education, significantly reducing the

cancer burden in Hawai'i and the Pacific. UH Cancer Center is the only NCI-designated cancer center in the Pacific and top 4% of all cancer centers in the U.S.

ACS CAN calls on you to increase the amount of the cigarette tax increase contained in this bill to a 5 cent per cigarette increase (or a \$1.00 per pack of cigarettes increase). Increasing the tax on cigarettes by \$1.00 per pack would generate \$10.84 million in new annual revenue as well as reduce youth smoking by 6.9%, help 2,000 adults who smoke quit, and save 500 lives. This would allow additional funding for the UH Cancer Center while improving the health of our state by reducing tobacco use.

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



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

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

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

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

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

12.24.24 ACS CAN / January 24, 2025

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

Explanations & Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

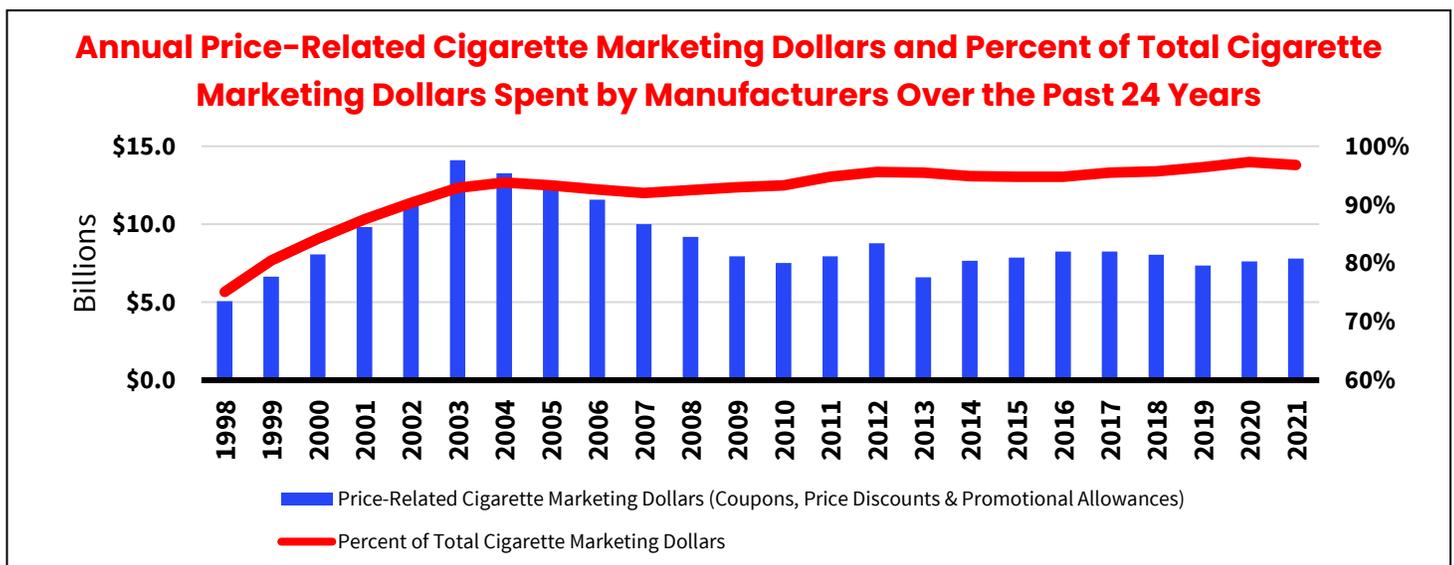
The American Cancer Society Cancer Action Network (ACS CAN) supports a comprehensive approach to tobacco control that includes significantly increasing excise taxes on all forms of tobacco. Regular, significant excise tax increases of \$1.00 or more per pack of cigarettes are one of the most effective ways to prevent kids from starting to use cigarettes and to help adults quit. Tobacco excise taxes can also reduce tobacco-related health disparities among people with limited incomes, pregnant persons and among racial and ethnic populations.^{i,ii,iii}

To Discourage Cigarette Use Excise Tax Increases Must be High Enough to Impact Price

In order for cigarette excise tax increases to help people quit and prevent youth from ever starting the increases must be large enough to significantly impact the price of cigarettes for consumers. While cigarette excise tax increases of smaller amounts may generate small amounts of additional revenue, they fail to significantly reduce tobacco use.

The Tobacco Industry Uses Coupons and Discounts to Actively Undermines Excise Tax Increases

The goal of tobacco companies is to protect profits by getting and keeping people addicted to tobacco.^{iv} Significant increases to cigarette excise taxes run counter to this goal. Therefore, when cigarette excise taxes are increased, major tobacco companies flood the market with coupons and discounts, such as “buy-one-get-one-free” offers, to keep the overall cost of tobacco products low discourage consumers from quitting. In fact, the tobacco industry now spends most of its marketing dollars on price-reducing tactics known to be most appealing to individuals with limited-income and other price-sensitive individuals, like kids.^v



American Cancer Society Cancer Action Network | 655 15th Street, NW, Suite 503 | Washington, DC 20005

 @ACSCAN |  @ACSCAN | fightcancer.org

Significant excise tax increases of at least \$1.00 or more per pack of cigarettes are needed to prevent these price-reducing tactics and achieve the public health goal of reducing tobacco use. Cigarette excise tax increases of less than \$1.00 per pack allow the industry to easily offset any price hikes with coupons, discounts, and other price-lowering sales promotions.

In the last 24 years, the percent of total cigarette marketing dollars spent by the industry on all its price-reducing tactics has grown significantly. In fact, in 2021 the two largest spending categories for cigarette marketing were retail and wholesale price discounts – despite the total number of cigarettes sold reducing by 6.7% in 2021 from 2020. Payments to retailers and wholesalers for price discounts and promotional allowances combined totaled \$7.65 billion, or 94.9% of all cigarette marketing dollars in 2021.^{vi} Tobacco manufacturers continue to rely heavily on price-reducing tactics to not only undermine tobacco excise tax increases, but research has shown these strategies also encourage smoking initiation and hinder smoking cessation attempts.^{vii,viii}



ACS CAN's Position

Increases in cigarette excise taxes of at least \$1.00 per pack will ensure a public health impact of reducing tobacco use is achieved, despite industry attempts to offset price increases and keep prices low. Increases higher than \$1.00 per pack can deliver health and revenue benefits for the state. ACS CAN recommends directing new tobacco excise tax revenues to fund fact-based tobacco prevention and cessation programs to further amplify the public health benefits of the excise tax increase. Lastly, there should be tax parity for all tobacco products, including e-cigarettes, pipe tobacco, cigars, snus, hookah and all other smokeless tobacco products.

ⁱ The Community Guide. Tobacco Use: Interventions to Increase the Unit Price for Tobacco Products. November 2012. Retrieved from <https://www.thecommunityguide.org/findings/tobacco-use-interventions-increase-unit-price-tobacco>.

ⁱⁱ Centers for Disease Control and Prevention (CDC). Response to increases in cigarette prices by race/ethnicity, income, and age groups--United States, 1976-1993. *MMWR Morb Mortal Wkly Rep.* 1998 Jul 31;47(29):605-9. PMID: 9699809.

ⁱⁱⁱ Ringel, J.S., and Evans, W. "Cigarette Taxes and Smoking During Pregnancy," *Am J Public Health*, 2001 November; 91(11): 1851-1856. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1446890/>.

^{iv} For a review of how tobacco companies view the corporate impact of cigarette tax increases, see: Campaign for Tobacco-Free Kids: "Raising Cigarette Taxes Reduces Smoking, Especially Among Kids (and the Cigarette Companies Know it)." Updated March 15, 2021. <https://www.tobaccofreekids.org/assets/factsheets/0146.pdf>.

^v Regarding the effect of price discounts on population segments, see: Xu, X., Wang, X., Caraballo, R. "Is Every Smoker Interested in Price Promotions? An Evaluation of Price-Related Discounts by Cigarette Brands," *J Public Health Management Practice*, 2016, 22(1), 20-28.

^{vi} U.S. Federal Trade Commission (FTC), Cigarette Report for 2021, January 2023, https://www.ftc.gov/system/files/ftc_gov/pdf/p114508cigarettereport2021.pdf [data for top 4 manufacturers only: Altria Group, Inc.; ITG Holdings USA Inc.; Reynolds American, Inc.; and Vector Group Ltd.].

^{vii} Wang Y, Duan Z, Weaver SR, Self-Brown SR, Ashley DL, Emery SL, Huang J. The Short-Term and Long-Term Associations Between Receiving Tobacco Discounts or Coupons and Smoking Cessation Among U.S. Adult Cigarette Smokers With Intention to Quit. *Nicotine Tob Res.* 2023 Mar 22;25(4):699-708. doi: 10.1093/ntr/ntac216. PMID: 36124654; PMCID: PMC10032185.

^{viii} Liber AC, Sánchez-Romero LM, Cadham CJ, Yuan Z, Li Y, Oh H, Cook S, Warner KE, Henriksen L, Mistry R, Meza R, Fleischer NL, Levy DT. Tobacco Couponing: A Systematic Review of Exposures and Effects on Tobacco Initiation and Cessation. *Nicotine Tob Res.* 2022 Oct 17;24(10):1523-1533. doi: 10.1093/ntr/ntac037. PMID: 35143678; PMCID: PMC9575981.

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Updated 7.07.23



LATE

Hawaii Medical Association

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Phone: 808.536.7702 • Fax: 808.528.2376 • hawaiimedicalassociation.org

SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

SENATE COMMITTEE ON HIGHER EDUCATION

Senator Donna Mercado Kim, Chair
Senator Michelle N Kidani, Vice Chair

Date: Feb 12, 2025

From: Hawaii Medical Association (HMA)

Jerald Garcia MD - Chair, HMA Public Policy Committee

RE HB 1528 RELATING TO CIGARETTE TAXES. Cigarette Tax; Hawai'i Cancer Research Special Fund; Tax Increase; Revenue; Disposition

Position: Support

This measure would, beginning 7/1/2025, increase the cigarette tax from sixteen cents to eighteen cents and amends the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawai'i Cancer Research Special Fund.

Smoking is the number one cause of preventable disease and death worldwide. In Hawaii, smoking-related healthcare costs \$611 million per year, and smoking causes most lung cancers, with nearly 9 out of 10 lung cancers deaths caused by smoking cigarettes or secondhand smoke exposure.

State agencies, healthcare professionals, health systems and insurers will continue to work together with lawmakers to reduce smoking and the associated cancer burden in Hawaii. The UH Cancer Center is an important partner in Hawaii's progress for prevention, diagnosis and treatment of smoking related cancers. Modest increases in tax on tobacco products can not only induce some smokers to quit and deter others from starting, but also support Hawaii patient counseling, cessation remedies and vital Hawaii cancer research. HMA supports this measure that can both reduce the harmful effects of smoking in our community and support ongoing cancer initiatives in our state.

Thank you for allowing the Hawaii Medical Association to testify in support of this measure.

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2025 Hawaii Medical Association Public Policy Coordination Team

Jerald Garcia, MD, Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

References and Quick Links:

Centers for Disease Control and Prevention. Smoking and Cancer. <https://www.cdc.gov/tobacco/campaign/tips/diseases/cancer.html> Accessed Jan 25 2025.

American Lung Association. "State of Lung Cancer" report. <https://www.lung.org/research/state-of-lung-cancer/states/hawaii#:~:text=The%20percent%20of%20people%20alive,in%20Hawaii%20improved%20by%2029%25>. Accessed Jan 25 2025.

Ueno N. Raise tax 2 cents to fund cancer research. [Honolulu Star Advertiser Jan 19 2025](#). Accessed Jan 25 2025.

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REFERENCES AND QUICK LINKS

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**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
FEBRUARY 12, 2025
SB 1528 RELATING TO CIGARETTE TAX**

Aloha, Chair San Buenaventura, Chair Mercado Kim and members of the Senate Committee on Health & Human Services and the Senate Committee on Higher Education. 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 SB 1528 Relating to Cigarette Taxes. This measure beginning 7/1/2025, increases the cigarette tax from sixteen cents to eighteen cents and amends the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Research Special Fund.

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

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

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

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

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

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

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

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



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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 11, 2025

To: Senator Joy A. San Buenaventura, Chair
Senator Henry J. C. Aquino, Vice Chair
Members of the Senate Committee on Health and Human Services

Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Higher Education

RE: Support with Amendments for SB 1528, Relating to Cigarette Taxes

Hrg: Wednesday, February 12, 2025 at 1:30 PM, Room 225

The Coalition for a Tobacco-Free Hawai'i, a program of the Hawai'i Public Health Institute,¹ is in **support of SB 1528 with amendments**, which would increase the cigarette tax to deposit extra revenue into the Hawai'i Cancer Research Special Fund.

We respectfully ask you to consider an amendment to raise the tax on cigarettes by \$1 per pack (to 21 cents per stick) to maximize the bill's benefit for public health.

Raising taxes on cigarettes is a proven strategy to help reduce cigarette use and dependence, and can be a benefit for public health when that increase is at the rate of \$1 per pack. Small tax increases do not produce the same public health benefit because the tobacco industry can easily offset the beneficial impact of a small tax increase with temporary price cuts and coupons. One projected outcome with a \$1 increase in the cost of a pack of cigarettes would result in approximately 2,400 adults in our state quitting smoking.²

The burden of tobacco in Hawai'i.

Tobacco-related disease continues to be the leading cause of preventable death in the United States, resulting in 480,000 deaths annually, with 1,400 of those deaths happening each year in Hawai'i.³ At the population level, 10% of adults in Hawai'i are still smoking cigarettes according to our most recent survey data; ten years prior the rate was 14.6%. Although we've seen a decline, health inequities still exist, and our Native Hawaiian adult smoking rate is much closer to 20%.⁴ In addition, tobacco-related diseases cost Hawai'i \$611M in healthcare costs.

Tobacco taxes protect youth.

When the price of goods increases, price-sensitive youth buy them less. The last time Hawai'i raised the cigarette tax was over 13 years ago in 2011, a decline in youth use followed. In 2011, 10% of youth reported currently using cigarettes. By 2019, 5% of youth reported currently using cigarettes.⁵ The projected outcome with a \$1 increase in the cost of a pack



of cigarettes would be a 7.4% decrease in youth (under 18) smoking, and 100 young adults (18-24) would quit smoking.⁶

A cigarette tax increase is overdue.

The cigarette tax was last raised in July 2011. Increasing cigarette taxes regularly corrects for inflation and consumer purchasing power. Likewise, raising the taxes on other tobacco products must be done in tandem to reduce consumption and dependence on tobacco products. This increase helps to stop youth from using cigarettes and encourages adults to quit.

According to an independent poll conducted by Ward Research on behalf of the Coalition, 78% of registered Hawai'i voters support an increase in cigarette taxes, and 89% feel that it is important for the state to dedicate part of its tobacco tax revenue to support tobacco prevention and cessation programs.⁷ Currently, no revenue from tobacco taxes is appropriated for tobacco prevention and cessation. When the price of tobacco increases, more people seek help to quit and we need to ensure programs are available and accessible by the public to help them quit. Populations that continue to experience higher rates of smoking would be the primary beneficiaries of these prevention and cessation activities, helping to provide resources needed to quit smoking and to help cut the high costs associated with tobacco use. We humbly ask that a portion of the proposed tobacco tax revenue be dedicated to support tobacco prevention and cessation programs.

We applaud the Legislature for helping to strengthen the health of our state by considering this measure. The Coalition supports SB 1528 and asks you to pass this measure out of committee with the requested amendments.

Mahalo,

A handwritten signature in black ink that reads "Kevin Ramirez". The signature is fluid and cursive.

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

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

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



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

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

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

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

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

<https://www.hawaiihealthmatters.org/indicators/index/view?indicatorId=8&localeId=14&localeChartIdx=1|6>

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

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

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

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



SB1528 Cigarette Taxes
COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

COMMITTEE ON HIGHER EDUCATION

Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair

Wednesday, Feb 12, 2025 1:30 Room 225 Videoconference

Hawaii Substance Abuse Coalition Supports SB1528:

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

HSAC supports the increase in cigarette taxes from 16 cents to 18 cents that is customary to happen every few years.

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

HSAC supports that some of the amount of tax increase go to the Hawaii Cancer research special fund, the trauma system special fund, the Community Health Centers, and the emergency medical services special fund as well as overflow to the general fund.

All these fund allocations help to support the state's budget.

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

Wednesday, February 12, 2025 at 1:30pm

Conference Room 225 & Videoconference

Senate Committee on Health and Human Services

To: Senator Joy San Buenaventura, Chair
Senator Henry Aquino, Vice Chair

Senate Committee on Higher Education

To: Senator Donna Mercado Kim, Chair
Senator Michelle Kidani, Vice Chair

From: Ray Vara
President & CEO

**Re: Testimony in Support of SB 1528
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 1528 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.



1325 G Street, NW, Suite 950 • Washington, D.C. 20005 • 202.464.6200 • taxfoundation.org

Memorandum

Date: February 11, 2025

To: Members of the Joint Health and Human Services and Higher Education Committee

From: Jacob Macumber-Rosin, Excise Tax Policy Analyst, Tax Foundation

Subject: Hawaii SB 1528 Regarding a Cigarette Tax Increase

Senate Bill 1528 would increase the tax on cigarettes in Hawaii. This tax would be regressive, disproportionately impacting low-income Hawaiians.

Simply because a tax is regressive, however, doesn't mean it should not be levied. Most consumption taxes are regressive, but they still have a role in a broader system of tax and transfers that is almost invariably highly progressive. Best practices for tax policy usually include a mix of both progressive and regressive taxes that provide a stable source of revenue but minimize market distortions and the tax burden on the poor.

While most excise taxes are regressive, taxes on tobacco are the most regressive excise tax the Tax Foundation has studied.¹ In Hawaii, households in the lowest quintile face an effective tax rate that is 10 times greater than households in the top two income quintiles.

Table 1. Distribution of Effective Tax Rates on Cigarettes Across Income Groups in Hawaii

| Income Group | Effective Tax Rate |
|--------------|--------------------|
| 0% to 20% | 10.0% |
| 20% to 40% | 4.0% |
| 40% to 60% | 2.0% |
| 60% to 80% | 1.0% |
| 80% to 100% | 1.0% |

Source: Adam Hoffer, "Compare Tobacco Tax Data in Your State," Tax Foundation, May 24, 2023, <https://taxfoundation.org/data/all/state/tobacco-tax-data-tool/>.

The Special Funds furnished by cigarette and/or tobacco product taxes are facing declining revenues. Unfortunately, excise taxes, particularly those applied to a shrinking tax base, make a poor policy solution to a shortfall. Excise taxes supply a volatile source of tax revenue, and many excise tax revenues decrease over time while revenue needs for government services grow.

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

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

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

SB-1528

Submitted on: 2/11/2025 10:40:32 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

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

Comments:

Oppose.



To: The Honorable Joy San Buenaventura, Chair
The Honorable Henry Aquino, Vice Chair
Members, Senate Committee on Health & Human Services

The Honorable Donna Mercado Kim, Chair
The Honorable Michelle N. Kidani, Vice Chair
Members, Senate Committee on Higher Education

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

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

Date: February 12, 2025

Re: Support for SB1528 – Relating to Cigarette Taxes

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

Queen's appreciates the opportunity to provide testimony in support of SB1528, which increases the cigarette tax and amends the cigarette tax disposition of revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Center Research Special Fund.

The Queen's Medical Center is a long-standing member of the University of Hawaii Cancer Consortium, of which members have a common goal to eliminate cancer through research. The UH Cancer Center is one of only 72 institutions in the United States that hold the prestigious National Cancer Institute (NCI) designation and is the only NCI-designated center in the Pacific. The NCI designation provides cancer researchers in Hawaii with greater access to federal funding and research opportunities. More importantly, it gives the people of Hawaii and the Pacific region access to many innovative and potentially life-saving clinical trials without the necessity of traveling to the mainland.

Thank you for the opportunity to testify in support of this measure.

The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



Hawaii COPD Coalition

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February 11, 2025

Honorable Senate Chairs Joy San Buenaventura and Donna Mercado Kim
Honorable Senate Vice-Chairs Henry Aquino and Michelle Kidani
Members of the House Committee on Health

RE: **Strong Support for SB1528, Cigarette Tax Bill with Amendments**

Dear Chairs San Buenaventura and Mercado Kim, Vice Chairs Aquino and Kidani, and members of the Senate Committees on Health and Human Services and Higher Education,

This measure is extremely critical to the health of the children of our state and our entire state as well. **Please pass SB1528 with Amendments**, 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. In particular, I would urge this legislature to **raise the tax at least \$1/pack**, as this will show a much stronger deterrent effect and cause a greater number of people to either never start smoking or quit if they have started.

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 SB1528 and be sure that the tax increase is at least \$1/pack, 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

SB-1528

Submitted on: 2/11/2025 11:30:06 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-------------------------------|---------------------------|------------------------|
| Travis Yoshinaga | Testifying for Marukin Market | Oppose | Written Testimony Only |

Comments:

Aloha Chair and Members of the Committee,

My name is Travis Yoshinaga, owner of Marukin Market. I have been a proud local business owner in Hawaii for the past 12 years. I strongly oppose SB 1528 because it will have devastating consequences for small businesses like mine. The excessive taxation and restrictive regulations on tobacco products will drive customers away from legal retailers, leading to widespread job losses and business closures. If passed, SB 1528 will hurt hardworking business owners and employees, ultimately damaging our local economy.

This bill will lead to a rise in illegal sales and smuggling as consumers seek cheaper alternatives outside of regulated businesses. When lawful retailers are forced to raise prices due to excessive taxation, black-market sellers step in, operating without oversight or accountability. This not only increases the availability of unregulated and potentially unsafe products but also makes it more difficult to enforce age restrictions and product safety standards. Instead of achieving its intended purpose, SB 1528 will create a thriving underground market that puts public health and safety at risk.

For over a decade, my business has complied with regulations, paid taxes, and contributed to the community, but SB 1528 threatens everything I have worked for. Hawaii needs fair and balanced policies that support small businesses while ensuring consumer safety—not excessive measures that drive people to illegal sources. I urge you to oppose SB 1528 and consider solutions that protect both local businesses and public health.

Mahalo for your time and consideration.

Travis Yoshinaga

Marukin Market



Date: February 11, 2025

To: Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair
Members of the Senate Committee on Health and Human Services

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

Re: **Support with Amendments for SB 1528, Relating to Cigarette Taxes**

Dear Chair San Buenaventura and Vice Chair Aquino,

The Campaign for Tobacco-Free Kids & the Tobacco-Free Kids Action Fund support significant increases in cigarette taxes because they reduce tobacco use and prevent youth from starting to use tobacco products, and new revenue can be used to sufficiently fund health programs including the University of Hawai'i Cancer Center. **For this reason, we respectfully request consideration of at least a \$0.05 per cigarette (\$1.00 per pack) increase instead of the \$0.02 per cigarette (\$0.40 per pack) increase currently proposed in SB 1528.**

Reports from the U.S. Surgeon General, the National Cancer Institute, the World Health Organization, the World Bank, and many others recognize that tobacco tax increases are one of the most effective interventions to reduce tobacco use, prevent initiation, and save lives. The Campaign for Tobacco-Free Kids and the American Cancer Society Cancer Action Network, working in conjunction with economists at Economics for Health (a research project housed in the Hopkins Bloomberg School of Public Health), estimate that a \$1.00 per pack cigarette tax increase in Hawai'i will generate \$10.84 million in new revenue in its first year. On top of that, this increase will prevent 500 kids in Hawai'i from becoming smokers, prompt 2,000 smokers to quit, prevent 500 smoking-caused deaths, and save the state more than \$31.8 million in long-term health care costs.

A small cigarette tax increase alone will not impact health. Research shows that **cigarette tax increases much lower than \$1.00 per pack do not produce significant public health benefits or cost savings** because the cigarette companies can easily offset the beneficial impact of such small increases with temporary price cuts, coupons, and other promotional discounting.

We urge you to consider a higher tax rate increase that will both reduce tobacco use and provide the investment necessary for University of Hawai'i Cancer Center to meet the needs of the community.

Thank you,
Alexandria Felton, Campaign for Tobacco-Free Kids

SB-1528

Submitted on: 2/11/2025 11:57:16 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---|---------------------------|------------------------|
| Michelle Jordan | Testifying for Discount Smoke Shop Hawaii | Oppose | Written Testimony Only |

Comments:

Chair, Vice Chair, and Members of the Committee,

I appreciate the opportunity to submit testimony in strong opposition to S.B. 1528. My name is Michelle Jordan, and I am a representative of Discount Smoke Shop Hawaii, a business that has been serving our community by providing affordable tobacco and nicotine products to responsible adult consumers.

S.B. 1528, which seeks to impose further restrictions on tobacco sales, will disproportionately harm low-income individuals who already face significant financial challenges. Many of our customers are working-class residents who rely on affordable alternatives rather than being forced into higher-priced options that may be out of their reach. By increasing costs or limiting availability, this bill does not eliminate demand, it simply shifts purchases to less regulated, potentially unsafe sources, including black market sales or online vendors that do not adhere to the same standards as local businesses.

Moreover, this bill will have an adverse economic impact on small businesses like ours. We provide employment opportunities and contribute to the local economy through tax revenue and community support. The restrictions outlined in S.B. 1528 would force many small retailers to either drastically reduce their inventory or close their doors altogether, resulting in job losses and economic strain.

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

For these reasons, I respectfully urge the committee to vote against S.B. 1528. Thank you for your time and consideration.

Sincerely,

Michelle Jordan

Representative, Discount Smoke Shop Hawaii

LATE

SB-1528

Submitted on: 2/11/2025 4:36:28 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|--|---------------------------|------------------------|
| Michael Zehner | Testifying for Hawaii Smokers Alliance | Oppose | Written Testimony Only |

Comments:

The Hawaii Smokers Alliance is Strongly Opposed to this regressive, bigoted, and unfair tax increase. The tax increase will only further stress a declining revenue source.

Respectfully,

Michael Zehner

Hawaii Smokers Alliance

SB-1528

Submitted on: 2/11/2025 12:28:49 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------------------|---------------------------|------------------------|
| Landon Yamamoto | Testifying for Bionic Petroleum | Oppose | Written Testimony Only |

Comments:

Chair and members of the committee, my name is Landon Yamamoto and I strongly oppose S.B. 1528, which seeks to increase the tax on cigarettes. While this proposal may be intended to reduce smoking rates, it unfairly targets low-income individuals who are least able to afford the added financial burden. Cigarette taxes are regressive, meaning they disproportionately impact those with lower incomes, forcing them to pay a larger share of their earnings toward taxes. Instead of encouraging cessation, excessive taxation often pushes smokers toward cheaper, unregulated alternatives or out-of-state purchases, reducing the expected revenue while doing little to address public health concerns.

Additionally, this tax hike would have serious economic consequences for small businesses, particularly convenience stores that rely on tobacco sales for a significant portion of their income. When cigarette prices rise due to taxation, many consumers turn to the black market or online sellers, which not only hurts local businesses but also reduces legitimate tax revenue. Furthermore, higher cigarette taxes have historically led to increased smuggling and illegal sales, creating enforcement challenges and public safety concerns. If the goal is to reduce smoking, a better approach would be investing in cessation programs and education rather than imposing a tax that disproportionately harms working-class individuals and small businesses. For these reasons, I urge you to vote NO on S.B. 1528. Thank you for your time and consideration.

SB-1528

Submitted on: 2/11/2025 1:17:35 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|----------------------------|--------------------|------------------------|
| Young Park | Testifying for Wawa Market | Oppose | Written Testimony Only |

Comments:

Chair and Members of the Committee,

My name is Young Park, and I am the owner of two small businesses in Honolulu that employ 20 hardworking individuals. I strongly oppose S.B. 1528, which seeks to increase cigarette taxes by \$0.40. As a small business owner already struggling with the financial burden of Hawai'i's high cost of living and regulatory pressures, this tax increase would have serious unintended consequences for my employees, customers, and the local economy.

The state's most recent vapor tax increase of 70%, enacted in 2024, has already had a devastating impact on small retailers. Many customers have turned to online or black-market sources, leading to revenue losses for law-abiding businesses. An additional tax increase on cigarettes will only exacerbate this problem, driving more consumers to unregulated markets while doing little to achieve the intended public health goals.

Higher tobacco taxes also disproportionately impact low-income consumers, who are more likely to purchase these products legally from small retailers. Instead of quitting, many will seek cheaper alternatives outside of the regulated marketplace, including illicit sales and purchases from lower-taxed jurisdictions. This not only reduces tax revenue for the state but also increases the risks associated with counterfeit and unregulated products.

For small business owners like myself, these tax hikes directly threaten our ability to stay open and provide jobs. Retailers rely on legal tobacco sales as a key part of their revenue. The decline in sales following the 2024 vapor tax increase has already led to layoffs and closures across the state. Another steep tax hike on cigarettes will only accelerate this trend, harming local businesses while failing to achieve meaningful smoking cessation.

Instead of another tax increase, the state should focus on evidence-based harm reduction strategies, including education and access to safer alternatives. Over-taxation is not the solution, it is a recipe for job losses, increased black-market activity, and declining state revenue.

For these reasons, I urge you to reject S.B. 1528. Thank you for your time and consideration.

Young "Patrick" Park

SB-1528

Submitted on: 2/11/2025 12:54:29 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|-----------------------------------|---------------------------|------------------------|
| Grace Sakanashi | Testifying for China Town Liquors | Oppose | Written Testimony Only |

Comments:

Testimony in Opposition to SB 1528 – Increase on Cigarette Tax

My name is Grace Sakanashi, owner of Chinatown Liquor. I am in strong opposition to SB 1528, which proposes yet another increase in the cigarette tax. While I understand the intent behind this bill, the reality is that increasing the tax on cigarettes will disproportionately hurt low-income individuals, encourage black-market sales, and ultimately fail to deliver the promised public health benefits.

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

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

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

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

For these reasons, I urge you to vote NO on SB 1528. Thank you for your time.

Grace Sakanashi

Chinatown Liquor

LATE

SB-1528

Submitted on: 2/11/2025 4:28:18 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|----------------------------|---------------------------|-------------------|
| Hee Nam Hwang | Testifying for No. 1 Store | Oppose | Remotely Via Zoom |

Comments:

Testimony in Opposition to SB 1528

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

Chair, Vice Chair, and Members of the Committee.

My name is Hee Nam Hwang, and I am the owner of No. 1 Store, a small, locally owned business that has been serving our community in Hawaii for over 20 years. I am submitting this testimony in strong opposition to SB 1528, which proposes an additional \$0.40 per pack tax on cigarettes.

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

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

The continued rise in cigarette taxes has also led to a noticeable decline in foot traffic in my store. When customers stop buying cigarettes from legal retailers, they also stop purchasing other essential items, further hurting my ability to stay in business. The economic consequences of SB 1528 will be felt not only by small businesses like mine but also by the employees and families who rely on them.

I urge you to reject SB 1528 and consider the harmful consequences this tax increase will have on small businesses, state tax revenue, and consumers. Thank you for your time and consideration.

Respectfully submitted,

Hee Nam Hwang

Owner, No. 1 Store

LATE

SB-1528

Submitted on: 2/11/2025 1:38:01 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|------------------------------|---------------------------|---------------------------|
| Ra Long | Testifying for R&K Liquor | Oppose | Written Testimony Only |

Comments:

Aloha Chair and Members of the Committee,

As a local business owner in Hawai'i, I strongly oppose SB 1528 due to its harmful impact on small businesses and the rise in illegal sales and smuggling. The 70% vapor tax enacted in 2024 has already placed a tremendous burden on law-abiding retailers, forcing many customers to seek cheaper, unregulated products from illicit sources. This bill will only worsen the problem by further driving consumers away from legal businesses and into the black market, where products lack safety regulations and quality control. Instead of protecting public health, SB 1528 will create an environment where dangerous, untested products become more accessible.

Additionally, increasing restrictions and excessive taxation fuel smuggling operations, making enforcement more difficult and undermining the very goals this legislation seeks to achieve. When legitimate businesses can no longer compete, the underground market thrives, leading to a loss in state tax revenue and an increase in unmonitored sales. Law enforcement agencies will face greater challenges in controlling the influx of illegal products, ultimately making the situation more dangerous for consumers. If the state truly wants to reduce youth access and promote safety, it should focus on stronger enforcement against illicit sellers rather than punishing responsible businesses that comply with regulations.

Rather than implementing SB 1528, lawmakers should reconsider the unintended consequences of excessive taxation and restrictions. A more balanced approach that includes fair regulations and consumer education would be far more effective in addressing public health concerns while allowing legal businesses to operate responsibly. The current 70% vapor tax has already pushed many retailers to the brink, and additional burdens will only lead to more closures, job losses, and an expansion of the illegal market. For these reasons, I urge you to oppose SB 1528. Mahalo for your time and consideration.

Ra Long
Owner, R&K Grocery & Liquor

SB-1528

Submitted on: 2/11/2025 6:15:31 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|------------------------------------|---------------------------|------------------------|
| Gerald Morita | Testifying for Cigarettes & Things | Oppose | Written Testimony Only |

Comments:

My name is Gerald Morita, and I am a local business owner who has proudly served Hawai'i for the past 14 years. I strongly oppose SB 1528 due to its harmful economic consequences and the rise in illegal sales and smuggling that will inevitably follow. With the recent enactment of the 70% vapor tax in 2024, legal retailers are already struggling to compete with unregulated markets. Further restrictions will only drive consumers to illicit sources, increasing the availability of unsafe, untested products while cutting much-needed tax revenue from legitimate businesses that follow the law. Rather than imposing further punitive measures, we should focus on enforcing existing regulations to prevent illegal sales and smuggling.

Beyond the impact on local businesses, SB 1528 also threatens Hawai'i's tourism industry. Many visitors seek out legal vapor products during their stay, and overly restrictive policies may influence their travel decisions. Hawai'i already has one of the highest costs of living and doing business, and further limiting access to regulated products could push potential visitors to other destinations where adult consumers have access to their preferred choices. In an industry that relies heavily on tourism dollars, we cannot afford to deter visitors over policies that create more harm than good.

Additionally, this bill places local jobs at risk. Retailers, wholesalers, and distribution networks all depend on the ability to sell regulated products, and SB 1528 would force many small businesses to downsize or shut down entirely. This means lost wages, reduced economic activity, and fewer opportunities for workers who rely on this industry. Instead of implementing measures that hurt local businesses and workers, I urge the legislature to consider solutions that balance regulation with economic sustainability. Please oppose SB 1528 and protect Hawai'i's small businesses, workers, and tourism industry. Mahalo for your time and consideration.

Sincerely,

Gerald Morita

Cigarettes and Things

SB-1528

Submitted on: 2/10/2025 10:13:21 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

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

Comments:

SUPPORT

Senate Committee on Ways and Means

RE: Strong Support of SB1528 – RELATING TO CIGARETTE TAXES

Written Testimony

My name is Joshua Fowler, and I am a volunteer and advocate with the **American Cancer Society - Cancer Action Network**. I strongly support **SB1528**, which increases the cigarette tax and allocates the additional revenue to the **Hawaii Cancer Research Special Fund**.

Why This Matters:

- **Funding Critical Cancer Research** – The **University of Hawaii Cancer Center** is one of only **72 National Cancer Institute-designated centers** in the U.S. and the only one serving **Hawaii and the Pacific**. This bill ensures **continued funding** for cutting-edge cancer research and treatment.
- **Protecting Public Health** – Tobacco-related illnesses remain a leading cause of death. **Higher cigarette taxes reduce smoking rates**, especially among **youth and low-income populations**.
- **Addressing Declining Revenue** – While smoking rates have declined due to **successful public health efforts**, this has also reduced tax revenue used to **fund cancer research, trauma care, and community health services**. Increasing the tax ensures **stable funding** for these vital programs.
- **Reducing Healthcare Costs** – Smoking-related illnesses cost Hawaii millions in **preventable healthcare expenses** every year. This bill not only **discourages smoking** but also helps **offset the financial burden** on the state’s healthcare system.

Looking at Other States:

- **California** – Raised cigarette taxes by **\$2 per pack**, leading to **reduced smoking rates** and increased revenue for health programs.
- **New York** – Implements some of the highest cigarette taxes in the nation, successfully **lowering smoking prevalence** while funding **anti-smoking initiatives and cancer research**.

- **Hawaii's Opportunity** – By passing SB1528, Hawaii can **continue funding life-saving cancer research** while discouraging tobacco use and improving public health.

Thank you for the opportunity to testify. I urge the committee to **support SB1528** and invest in Hawaii's health and future.

Mahalo,
Joshua Fowler
Honolulu, Hawaii

Testimony Presented Before the
Senate Committee on Higher Education and
Senate Committee on Health and Human Services
Wednesday, February 12, 2025 at 1:30 p.m.

By

Diane T. Ono

Community Volunteer and Retired Attorney

SB 1528 RELATING TO CIGARETTE TAXES

Chair Kim, Vice Chair Kidani, Chair San Buenaventura, Vice Chair Aquino and Members of the respective Committees:

I provide this testimony in strong support of SB 1528, which increases the cigarette tax from 16 cents to 18 cents per cigarette. The current cigarette tax revenue allocation for the Hawaii Cancer Research Special Fund is \$0.2 per cigarette; the bill proposes an additional \$0.2 for a total of \$0.4 per cigarette.

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

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

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

Of course she had a superb medical team comprised of an oncologist, nurse practitioner, oncology nurse and others. The medical team followed a road map laid out in the clinical trial. This resulted in the best possible outcome – her survival and ability to thrive. Mari continues to be followed by Hawaii Pacific Health's Adult/Young Adult Clinic. A key and vital

role of the University of Hawai'i Cancer Center is making available clinical trials for our citizens who are diagnosed with cancer.

The University of Hawai'i Cancer Center is a world class institution and is a National Cancer Institute designated center, one of only 72 in our nation.

I strongly encourage you to prioritize the needs of the University of Hawai'i Cancer Center as an investment in the health and wellbeing of the people of our state. I sincerely hope you will pass SB 1528.

Thank you for allowing me this opportunity to provide testimony.

SB-1528

Submitted on: 2/11/2025 9:30:01 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Spencer Dung | Individual | Support | Written Testimony Only |

Comments:

I strongly support this measure. In addition to being a cutting edge insitution providing incredible research and medical treatments to the people of Hawaii, The University of Hawaii Cancer Center (UHCC) is a vital piece of our local economy and we need to continue to fund it as such. The increase in the cigarette tax and funding for the UHCC is even more critical given the current climate around Federal funding. We need to take control of preserving our valuable assets in our State and the UHCC is absolutely one of those assets.

SB-1528

Submitted on: 2/11/2025 9:47:25 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| sheri higa | Individual | Support | Written Testimony Only |

Comments:

I implore you to support SB1528 and increase the cigarette tax and allocate to the UH Cancer Center.

Now more than every, with the new administration, government funding is facing harsh cuts. We cannot rely on them to help us sustain the Cancer Center.

Two cents is a small price to pay for the valuable research and treatment that Center provides to our family and neighbors.

SB 1528 Relating to Cigarette Taxes

As a long-time pediatrician on Kauai concerned with the health of both keiki and adults, I am submitting this testimony in support of SB 1528 with amendments . There is ample research concerning the benefit of increasing cigarette taxes. This bill proposes an increase of \$.40 per cigarette tax, with the proceeds going to the Cancer Research Special Fund. Research supports the fact that the larger the tax increase, the greater the benefit will accrue related to cigarette use, both short and long term improved health, decreased state health costs, and increase in state revenue. An increase of \$1.00 per pack will generate \$11.46 million per annum and a long-term savings in health care expenses of \$611 million. The projected decrease in youth cigarette smoking by increasing cigarette taxes to \$1 per pack is 7.4%.

I appreciate that the State Legislature is attacking the problem of tobacco use by increasing taxes on cigarettes. This has proven to be quite successful in the past on Kauai. I respectfully suggest that the tax rate be increased to \$1.00 per pack of cigarettes.

Respectfully submitted,
Linda Weiner, MD
Kauai

SB-1528

Submitted on: 2/11/2025 10:20:57 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Stephanie | Individual | Support | Written Testimony Only |

Comments:

Good Afternoon,

I am submitting testimony in support of SB1528 relating to cigarette taxes with an amendment of \$1 increase in the tax per pack of cigarettes to be considered by the committees.

This ammendment [\$1 increase in the tax per pack of cigarettes] has been historically proven to reduce tobacco use and specifically decrease the amount of youth under 18 that smoke, strengthening the impressive steps Hawai'i took when we became the first US State to raise the age to purchase tobacco products from 18 to 21. As the smoking rate amongst those 18 and under is not yet zero we need to continue to improve upon all available avenues to continue to protect our children from addiction to a substance that is known to be the leading cause of disease and death.

Supporting SB1528 with the proposed ammendment of an \$1 increase in the tax per pack of cigarettes not only changes the outcomes for the 2,400 adults the data shows would quit, it also changes the long battles those who are exposed to second hand smoke will have to undertake. Hawai'i was one of the first states to pass a comprehensive smoke-free air law in 2006 and we have seen the impact that strategy had on the health of our ohana's.

Supporting SB1528 and considering the ammendment of \$1 tax per pack of cigarettes is the step to strengthen those priorities Hawai'i fought hard to spearhead for over two decades.

Thank you for your time and consideration.

SB-1528

Submitted on: 2/11/2025 10:48:12 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Cyd L. Hoffeld | Individual | Support | Written Testimony Only |

Comments:

Aloha Committee Chairs Senator Donna Mercado Kim and Senator Joy A. San Buenaventura,

I am in **support of SB1528** because raising taxes on harmful products like cigarettes has been known to reduce its use due to the increased cost of purchasing it. Using the additional taxes to support cancer research is the best way to assist with those impacted by the long term effects of what smoking cigarettes cause...which is cancer.

Please **support SB1528**.

Mahalo!

SB-1528

Submitted on: 2/11/2025 10:55:08 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Mark Willingham | Individual | Support | Written Testimony Only |

Comments:

I ask the State to fully Support SB1528 that would increase the cigarette tax from sixteen cents to eighteen cents and amend the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawai'i Cancer Research Special Fund. The University of Hawaii Cancer Center. 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. The sustainability of the National Cancer Institute (NCI) designated UH Cancer Center is vital for cancer screening, prevention, treatment, and awareness, significantly reducing cancer incidence and mortality in Hawai'i and the Pacific. UH Cancer Center is the only NCI-designated cancer center in the Pacific and top 4% of all cancer centers in the U.S. and these funds would aid in the life-saving research conducted at the Cancer Center.

Testimony to Hawaii State Legislature Senate Committee on Higher Education

Re: Support for SB1528 relating to cigarette taxes

Dear Senate Committee on Higher Education:

I support SB1528 that proposes, starting on 7/1/2025, to increase the cigarette tax from 16 cents to 18 cents and to increase the allocation of the cigarette tax revenues going to support the Hawaii Cancer Research Special Fund.

My understanding is that increasing the cigarette tax has been one of the most effective incentives for smokers to quit their absolutely-no-good-for-anything habit. The Hawaii state legislature has rightly used the cigarette tax for the public health impact, as well as for state revenues. A quick web search shows that there are 6 other states (CT, MA, MD, NY, OR, RI) and DC with an up to 65% higher state cigarette tax rate per pack than Hawaii, even with the proposed increase.

Events in the past 3 weeks have made it clear that states cannot rely on federal support for critical operations, including cancer research. Two lawsuits are pending and temporarily halting the current Administration's effort to drastically reduce the NIH support for research institutions across the country, including the UH Cancer Center that leads NIH-supported research in Hawaii and the Pacific.

Lastly, I cannot help but think of less than enthusiastic support of this Committee for matters concerning UH in recent years. I take this opportunity to respectfully remind the Committee members, as they deliberate on this and other bills regarding UH, that UH is a major economic engine for the state – much appreciated acknowledgment from a Hawaii Congressman on a public forum yesterday.

I submit this testimony, personally thinking of the many people that will be supported by this bill. My hard-working research faculty and staff colleagues who take pride and joy in their rigorous work. My students whose growing abilities and maturity give hope for our future. My study participants, in their 70's and 80's, whose passion for new knowledge and community engagement is just delightfully inspirational.

Thinking of those people, I submit my testimony in strong support of SB1528

Unhee Lim
Professor, UH Cancer Center

SB-1528

Submitted on: 2/11/2025 11:31:52 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Crissy Kawamoto | Individual | Support | Written Testimony Only |

Comments:

Mahalo for the opportunity to submit testimony in STRONG SUPPORT of SB1528.

Cigarette smoking continues to be leading cause of preventable death in the United States. Multiple analyses of tax and cigarette consumption data documented in medical literature confirm that increases in state-level excise taxes across the country have corresponded with declines in rates of cigarette smoking, especially among young adults.

However, the smoking rate is not zero, and until it is, those of us in tobacco use research—I am a research study project manager in the Cancer Prevention Program at the University of Hawai‘i Cancer Center—are determined to identify smoking cessation interventions that are effective for Hawai‘i's multiethnic population and that will drive smoking rates down even further. The increase in cigarette tax proposed in SB1528, coupled with the dedication of the increase to the Hawai‘i Cancer Research Special Fund, will provide critical operational funding for the University of Hawai‘i Cancer Center, without which, important Hawai‘i-focused smoking cessation research cannot exist.

SB-1528

Submitted on: 2/11/2025 11:37:34 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Natalia Lukey | Individual | Support | Written Testimony Only |

Comments:

Testimony in STRONG SUPPORT of SB1528

My name is Natalia Lukey and I believe that by allocating the increase in cigarette tax amount to the Hawaii Cancer Research Special Fund will help support cancer research, cancer treatment, and preventive efforts in our community. Please help us in our fight against cancer.

Thank you,

Natalia

SB-1528

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

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Valerie Smalley | Individual | Support | Written Testimony Only |

Comments:

Aloha Chair, Vice Chair and Committe Members,

As a Tobacco Treatment Specialist in Hawaii for over 20 years, I support HB1528 as it will have a strong impact on both decreased smokers in the state and an increase in the projected annual revenue by \$11.46 million. I have time and time again heard that the reason someone is interested in quitting smoking is because they can no longer afford it. They start to focus on what they can possibly do with the money which is a strong incentive. Also, these individuals will possibly forgo the long term health effects that can cost both them and the state the health costs that chronic diseases by smoking . I hope that you vote in favor of HB1528.

Thank You

Valerie Smalley

SB-1528

Submitted on: 2/11/2025 11:47:08 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Monica McLaren | Individual | Support | Written Testimony Only |

Comments:

Please pass this bill! We need to do as much as we can to prevent and cure cancer. The life you save may be your own, or more importantly, the life of someone you love.

Mahalo!

SB-1528

Submitted on: 2/11/2025 11:58:12 AM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Lenora Loo | Individual | Support | Written Testimony Only |

Comments:

I am in strong support of increasing the cigarette tax from sixteen cents to eighteen cents and amend the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawai'i Cancer Research Special Fund. The UH Cancer Center serves an important role for the Community and should be supported so that the people of the State can receive the best cancer care that is possible.

SB-1528

Submitted on: 2/11/2025 12:12:22 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| thomas wills | Individual | Support | Written Testimony Only |

Comments:

I am a faculty member in the Cancer Prevention in the Pacific Program at the University of Hawaii Cancer Center. I have been doing research for over 10 years on e-cigarette use and cigarette smoking among adolescents and adults in Hawaii.

A clear message from our research is that many young persons are susceptible to initiate cigarette smoking. This may occur because of family use, friends use, and tobacco company advertising. Once a young person starts smoking cigarettes, they are unlikely to quit anytime soon because of the addictiveness of nicotine. Continued smoking into adulthood places them at risk for heart disease and cancer.

To deter young persons from starting to smoke, price is important. It is a well established finding that the more costly cigarettes are, the less likely people are for starting or continuing to smoke.

Increasing taxes on cigarettes is a significant public health approach to fighting pressures to smoke. Increased prices for cigarettes ties in with other prevention efforts such as the Hawaii State Department of Health quit line and school-based programs to educate adolescents about the risks of tobacco products. These approaches to prevention all work together to deter people from starting or continuing to smoke.

For these reasons, I strongly support SB 1528.

Thomas A. Wills
Cancer Prevention In the Pacific Program
University of Hawaii Cancer Center

SB-1528

Submitted on: 2/11/2025 12:13:36 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Jami Fukui | Individual | Support | Written Testimony Only |

Comments:

My name is Jami Fukui. I am an associate Professor and researcher at the University of Hawai'i Cancer Center. I also treat breast cancer patients. My testimony is submitted as an individual and not as a representative of the University of Hawai'i or the UH Cancer Center. I am in favor of this increase in cigarette tax. There are known detrimental health effects to smoking and this also includes contributing to an increase in breast cancer risk. Breast cancer is the most common cancer in women and Hawaii suffers from higher rates of breast cancer compared to other states. Having the tax funds contribute to ongoing cancer research is crucial to supporting our goal of saving lives in our community.

Please consider what an important source of support this gives not only researchers but ultimately patients that will benefit. Mahalo!

Date: February 11, 2025

To: The Honorable Joy A. San Buenaventura, Chair
The Honorable Henry J.C. Aquino, Vice Chair
Members of the Senate Committee on Health and Human Services

The Honorable Donna Mercado Kim, Chair
The Honorable Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Higher Education

Re: **Support with amendments for SB1528**, Relating to Cigarette Taxes

Hrg: Wednesday February 12, 2025 at 1:30 PM Conference Room 225 & Videoconference

Aloha Senate Committees on Health and Human Services and Higher Education,

As a parent, community member and healthcare professional I am writing in **strong support of SB1528, with amendments**, which beginning 7/1/2025, increases the cigarette tax from sixteen cents to eighteen cents and amends the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Research Special Fund.

Allocating the 40 cent/pack increase in **SB1528** for the Cancer Research Fund will allow much-needed cancer research in Hawai'i to continue uninterrupted.

I respectfully request the Committee to amended SB1528 to raise the tobacco tax to 21 cents per cigarette, which will result in an estimated:

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

And, raising the tobacco tax by 5 cents per cigarette (\$1.00/pack) will raise nearly \$11.5 million dollars in annual revenue.

I strongly support SB1528, respectfully ask you to amend as stated above and pass it out of committee.

Many thanks for your consideration,

Forrest Batz, PharmD
Keaau, HI

COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

COMMITTEE ON HIGHER EDUCATION

Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair

February 12, 2025 (1:30 pm)

Individual Testimony in SUPPORT of S.B. 1528

RELATING TO CIGARETTE TAXES

Dear Chairs San Buenaventura and Kim, Vice Chairs Aquino and Kidani, and Members of the Committees:

I hereby submit my individual testimony **IN SUPPORT** of SB 1528, which proposes to increase the cigarette tax from 16 to 18 cents and to allocate 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 and one of only 72 institutions in the US that holds the National Cancer Institute (NCI) designation. Cigarette tax funding has supported and provided the infrastructure for developing research efforts on tobacco use and smoking cessation, which have been focused on and benefitted Hawaii residents. Due to the successful smoking cessation programs, cigarette tax revenue has declined in recent years, which has negatively impacted the Cancer Center's ability to maintain its cutting-edge research, clinical care and community outreach.

The proposed modest increase in the cigarette tax will generate additional revenue that will allow the Cancer Center to continue provide research, clinical trials and prevention programs aimed to reduce the burden of cancer on Hawaii residents and to improve treatment options and outcomes for cancer patients. It will be greatly beneficial for the health and well-being of the Hawaii people.

Thank you,

Yurii Shvetsov, Associate Professor, University of Hawaii Cancer Center

COMMITTEE ON HEALTH AND HUMAN SERVICES

Senator Joy A. San Buenaventura, Chair
Senator Henry J.C. Aquino, Vice Chair

COMMITTEE ON HIGHER EDUCATION

Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair

February 12, 2025 (1:30 pm)

Individual Testimony in SUPPORT of S.B. 1528

RELATING TO CIGARETTE TAXES

Dear Chairs San Buenaventura and Kim, Vice Chairs Aquino and Kidani, and Members of the Committees:

Thank you for the opportunity to submit an individual testimony. I am in **strong support** of Senate Bill 1528, which would increase the cigarette tax from \$0.16 to \$0.18 per cigarette.

My name is Izumi Okado, and I am an Assistant Researcher/Professor at the University of Hawai'i Cancer Center. My testimony is submitted as an individual and not as a representative of the University of Hawai'i or the University of Hawai'i Cancer Center.

Funding from the cigarette tax has been instrumental to the UH Cancer Center since its inception in 2006. 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. An increase would bring profound benefits for our 'Ohana and our community. Restoring cigarette-tax funding would expand the Center's capacity to conduct groundbreaking research and deliver cutting-edge patient care and saving more lives across Hawaii and the Pacific.

More than 70,000 people in this state are living with cancer, and each year approximately 2,300 Hawai'i residents die from cancer. The UH Cancer Center is a leader of the Hawai'i Cancer Consortium, a collaborative network of major healthcare and community partners working to improve cancer outcomes for residents of Hawai'i as well as those in the broader Pacific Rim region. It is of utmost importance to prioritize cancer research and demonstrate our commitment to improving the health and well-being of our communities and providing the best treatment for our patients.

By 2050, cancer cases worldwide are expected to increase by 77%, to over 35 million, and cancer deaths are projected to nearly double, to 18.5 million, according to the World Health Organization. Residents of Hawai'i and the Pacific will not be immune from this grim trend. Investing in cancer research impacts the community by providing better quality cancer treatment and prevention. The benefits of this investment will resonate far beyond the immediate fiscal year, strengthening a steadfast path toward a future where cancer can be effectively combatted.

Thank you.

Izumi Okado, Assistant Researcher/Professor, University of Hawai'i Cancer Center

SB-1528

Submitted on: 2/11/2025 1:11:52 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|------------------|--------------|--------------------|------------------------|
| Elizabeth Kuioka | Individual | Support | Written Testimony Only |

Comments:

Dear Honorable Members of the Senate Health and Human Services Committee and Higher Education Committee:

My name is Elizabeth Kuioka. I am an Administrative Officer at the University of Hawai‘i Cancer Center. My testimony is submitted as an individual and not as a representative of the University of Hawai‘i or the UH Cancer Center.

I am writing to voice my strong **SUPPORT** of the proposed bill **SB 1528** to increase the cigarette tax from sixteen cents to eighteen cents and to amend the disposition of cigarette tax revenues by allocating the increase directly to the Hawai‘i Cancer Research Special Fund.

Cigarette smoking remains a significant public health concern in Hawai‘i, and this bill offers a proactive step in addressing the devastating impact of tobacco-related diseases. The additional revenue generated from this modest increase in the cigarette tax will directly benefit cancer research in our state, which is vital to improving the lives of those affected by cancer and preventing further harm caused by smoking.

By allocating the increased funds to the Hawai‘i Cancer Research Special Fund, we are ensuring that the resources will be used strategically to advance research initiatives, provide better treatment options, and promote preventative programs that have proven to save lives and reduce the burden on our healthcare system.

Furthermore, research has shown that increasing the cost of cigarettes through higher taxes is one of the most effective ways to reduce smoking rates, particularly among youth and low-income individuals. This bill not only addresses the economic burden of smoking-related diseases but also promotes a healthier future for all residents of Hawai‘i.

Cancer research is critical in the fight against the second leading cause of death in our state, and every additional dollar allocated to this cause can make a real difference. By supporting this bill, we are taking a vital step in improving public health, reducing healthcare costs, and helping to eradicate cancer in Hawai‘i.

For these reasons, I urge you to pass this important bill to increase the cigarette tax and direct the funds toward cancer research. Together, we can create a healthier, cancer-free future for the people of Hawai‘i.

Aloha,

Elizabeth Kuioka

SB-1528

Submitted on: 2/11/2025 1:18:59 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| S. Lani Park | Individual | Support | Written Testimony Only |

Comments:

I herein submit my testimony in SUPPORT for the Senate Bill 1528 RELATING TO CIGARETTE TAXES

My name is S. Lani Park. I am a Professor of Cancer Epidemiology and the Co-Lead of the Population Sciences in the Pacific Program at the University of Hawaii Cancer Center. My testimony is submitted as an individual and not as a representative of the University of Hawaii. I am in support of increasing the cigarette tax and amending the disposition of cigarette tax revenues by allocating the increase in the cigarette tax amount to the Hawaii Cancer Research Special Fund. I support this bill as cigarette tax has been found to be an effective way to reduce tobacco use. Cigarette smoking is the leading cause of preventable deaths in the United States and the State of Hawaii. Further, the revenue from this tax would help to support the University of Hawaii Cancer Center (UHCC). Such revenue would help to support the infrastructure of UHCC, which employs many staff and researchers who continuously endeavor to conduct world-renowned research in cancer prevention, epidemiology, biology and treatment for the people of Hawaii.

Testimony in Support of SB 1528

Hearing Date: 02/12/2025

Committee: HHS/HRE

HHS Chair Buenaventura, Vice Chair Aquino, and Members of the Committee; HRE Chair Mercado-Kim, Vice Chair Kidani, and Members of the Committee,

I am writing as an individual who **strongly supports SB 1528** which proposes increasing the cigarette tax in Hawaii from 16 cents to 18 cents per cigarette. This measure is a crucial step in protecting public health while securing necessary funding for the Hawaii Cancer Research Center and other essential health services. In this political climate, funding is crucial for organizations that positively impact our community, but do not have a steady stream of funding sources.

Public Health Impact

There have been studies that show that higher cigarette taxes reduce smoking rates, particularly among youth and low-income populations. According to the Centers for Disease Control and Prevention (CDC), a 10% increase in cigarette prices leads to a 4% reduction in adult smoking and a 7% decrease in youth smoking ([CDC, 2021](#)). By increasing the cigarette tax, this bill has a high probability of curbing tobacco use and preventing numerous smoking-related illnesses. According to a study published in the Journal of the American Medical Association (JAMA), tobacco taxes have been linked to reduced smoking-related healthcare costs ([JAMA, 2019](#)).

Economic and Social Benefits

Smoking-related healthcare costs burden Hawaii's economy, with estimates exceeding \$500 million annually in direct medical costs ([Campaign for Tobacco-Free Kids, 2022](#)). By reducing smoking rates, this bill will lower healthcare expenses, decrease youth tobacco use, and improve the quality of life for our community. Moreover, reinvesting tax revenue into public health initiatives strengthens the overall well-being of our communities.

Conclusion

This bill represents a proactive approach to safeguarding public health and securing sustainable funding for critical health services. I urge the committee to **pass SB 1528** and take a strong stand against tobacco-related illnesses while supporting cancer research and healthcare access in Hawaii.

Thank you for the opportunity to testify.

Sincerely,
Tasha Meyer

SB-1528

Submitted on: 2/11/2025 1:24:07 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|------------------------|
| Karla Rarick | Individual | Support | Written Testimony Only |

Comments:

My name is Karla Rarick. Although I am a staff at the University of Hawai‘i Cancer Center, my testimony is submitted as an individual and not as a representative of the University of Hawai‘i or the UH Cancer Center.

As a concerned citizen, I have had family and friends who had succumb to cancer and still have family and friends who are battling cancer so I strongly support SB1528 relating to cigarette taxes.

The cancer research being conducted at the UH Cancer Center benefits all of us, individually and as a whole. The UH Cancer Center has been a leader in cancer research here in Hawai‘i and it would make a lot more sense to keep supporting the invaluable work being done in cancer research. As adults, we may not feel the impact of this research, but future generations will be able to benefit from it because in some form or another our friends and families and even ourselves participated in research studies conducted by the UH Cancer Center. Current standard treatment for cancer today did not happen overnight - it may have been started five or ten years ago by going through clinical trials based on research data. We know that these research studies help pave the way toward the discovery and development of a reliable treatment, or better yet, a cancer cure. It is not an easy path and the UH Cancer Center needs allies in this fight to be able to save lives and I know that personally, the UH Cancer Center is not giving up as long as we have individuals being diagnosed with cancer.

I would also like to mention that there will be groups disguised as consumer protectors opposing this tax bill who may seem friendly and caring. We need to remind ourselves that big tobacco does not care about the people nor health outcomes, just their bottom line. They have many disguises and I hope that this will not distract us from supporting what matters most in our state, reducing the burden of cancer and other health issues caused by tobacco use.

Again, I strongly support SB1528.

Sincerely,
Karla Rarick

LATE

SB-1528

Submitted on: 2/11/2025 4:31:53 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

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

Comments:

:(

SB-1528

Submitted on: 2/11/2025 2:54:19 PM

Testimony for HHS on 2/12/2025 1:30:00 PM



| Submitted By | Organization | Testifier Position | Testify |
|----------------|--------------|--------------------|------------------------|
| Kent Miyashiro | Individual | Oppose | Written Testimony Only |

Comments:

Testimony Opposing S.B. 1528 Cigarette Tax Increase

Chair and members of the committee, I am here to express my strong opposition to S.B. 1528, which proposes an increase in the cigarette tax. While this legislation may seem like a well-intentioned public health measure, it unfairly burdens low-income individuals, small businesses, and law enforcement efforts. Raising cigarette taxes is a regressive approach that disproportionately impacts lower-income smokers, who are less able to absorb the financial strain. Rather than encouraging cessation, excessive taxation often forces struggling individuals to make tougher choices between necessities, without providing them with the proper support to quit.

Beyond its impact on individuals, this tax hike would be devastating for small retailers, particularly convenience stores and family-owned businesses that rely on tobacco sales for a significant portion of their revenue. When cigarette prices rise due to taxes, consumers frequently seek cheaper alternatives, such as purchasing out-of-state or from illicit sources. This shift results in lost sales for local businesses, potential job losses, and decreased overall tax revenue. Instead of supporting our small business community, this bill would drive customers away and make it harder for these establishments to stay afloat.

Additionally, increasing cigarette taxes has historically led to a rise in black market activity. Higher prices incentivize smuggling and illegal sales, which not only undermine state revenue but also create public safety concerns. Unregulated tobacco products can be even more harmful due to unknown additives and lack of oversight. Law enforcement will face the added burden of combating an underground market that thrives on excessive taxation. If the goal is to reduce smoking rates, a better approach would be to invest in smoking cessation programs and education rather than penalizing consumers with higher costs. For these reasons, I urge you to vote NO on S.B. 1528. Thank you for your time and consideration.

LATE

February 11, 2025

**Senate Bill 1528
RELATING TO CIGARETTE TAXES**

Dear Chair Kim, Chair San Buenaventura, and Committee members,

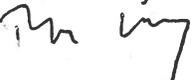
My name is Thaddeus Herzog. I am an Associate Researcher at the University of Hawai'i Cancer Center. My testimony is submitted as an individual and not as a representative of the University of Hawai'i or the UH Cancer Center.

My testimony is **in support of Senate Bill 1528.**

The UH Cancer Center is one of only 72 institutions in the U.S. that hold the prestigious National Cancer Institute (NCI) designation, and is the only NCI-designated center in the Pacific. The NCI designation provides greater access to federal funding and research opportunities. More importantly, it 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.

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. Increasing the cigarette tax from sixteen cents to eighteen cents and allocating the increase to the Hawaii Cancer Research Special Fund would provide needed and appreciated support to the UH Cancer center as we strive to eliminate cancer in Hawaii.

Thanks very much for considering my testimony.


Thaddeus Herzog

SB-1528

Submitted on: 2/11/2025 11:18:25 PM

Testimony for HHS on 2/12/2025 1:30:00 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 SB1528.

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

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

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

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

Sincerely,

Bryan Mih, MD MPH FAAP

Pediatrician

Medical Director, Kapi'olani Smokefree Families

SB-1528

Submitted on: 2/11/2025 8:30:52 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|------------------------|
| Susan Hirano | Individual | Support | Written Testimony Only |

Comments:

I stand in **strong support** of SB1528.

Chair, Vice Chair and Committee,

My name is Susan Hirano and I am a stage four breast cancer patient and patient advocate. I would like you to consider the patient when voting for this bill. While two cents is certainly not much, it is a step in the right direction to provide funding to the University of Hawaii Cancer Center and its desperately needed clinical trial clinic that is planned for opening later this year.

Cancer patients across our states currently must consider going to the mainland to participate in clinical trials when standard of care options have failed them. I am one such patient. Travel is taxing on your body, travel expenses are out of pocket for these trials (and expensive). As a result, many cancer patients cannot even afford to consider this option, gravely limiting their treatment when all else has failed.

The clinical trial clinic at UHCC provides a ray of hope for those patients who need next level treatment and who cannot afford to leave the island. In addition to the financial aspect, when considering a clinical trial on the mainland, there is loss of family support while facing a critical journey. Our ohana rally during these difficult times and to leave that behind and face an unknown hospital, hotel room, countless procedures and infusions without that support is not only daunting, it jeopardizes the success of the clinical trial you have sacrificed to participate in.

I am currently facing this dilemma. There are no clinical trials here on Oahu for me. I have been invited to participate in a trial at MD Anderson. But to do so, I would need to relocate to Houston, Texas for 3 - 4 months. Frankly, I am very reluctant to go because I will have to leave my sixteen year old son and my husband behind to participate. So, I have to choose between an opportunity to potentially extend my life and improve my quality of life; or staying with my family.

Having to choose between extending my life and staying with my family should not be a choice that I have to make while battling this relentless disease that already compromises so many aspects of my life.

I hope you will see how important these funds are to the UHCC and the cancer patients of Hawaii and the Pacific who desperately need these treatment options.

Respectfully,

Susan Hirano

SB-1528

Submitted on: 2/11/2025 8:24:10 PM

Testimony for HHS on 2/12/2025 1:30:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------------|---------------------|---------------------------|---------------------------|
| Lynn Murakami Akatsuka | Individual | Support | Written Testimony Only |

Comments:

I strongly support the passage of SB 1528 Relating to Cigarette Taxes by allocating the increase in the cigarette tax amount to the Hawaii Cancer Research Special Fund. This funding will contribute and sustain the research and clinical studies provided to reduce the risk of cancer and the vision of a cancer-free Hawaii for all residents and our nearby Pacific Island neighbors.

Thank you for the opportunity to testify in strong support of SB 1528.



February 12, 2025

To: Members of the Hawaii Senate Health & Human Services and Higher Education Committees
From: Americans for Tax Reform
Re: **Oppose SB 1528**

Dear Representative,

On behalf of Americans for Tax Reform (ATR), a non-profit organization which advocates in the interests of taxpayers and consumers throughout the United States, I urge you to reject SB 1528, misguided legislation which seeks to increase the highly regressive excise tax on cigarettes and little cigars by \$0.40. At this time of high inflation, families across Hawaii are struggling to make ends meet, and it is all the more crucial that this proposal does not pass.

Evidence clearly demonstrates that if enacted, **this bill would do little to reduce smoking rates but would lead to a meaningful decrease in state tax revenue due to an increase in tobacco smuggling.**

Data from the National Adult Tobacco Surveys has consistently demonstrated that tobacco tax increases have no statistically significant impact on the prevalence of smoking among those with household incomes of less than \$25,000. **72% of [those who smoke](#) are from low-income communities. Increasing taxes on people unable to quit, as they struggle with the costs of unprecedented inflation and the aftermath of the Covid-19 pandemic, will put unnecessary hardship on real people and families in your state.**

Cigarette taxes are highly regressive, meaning they impact people with lower socioeconomic status more than they hurt those in higher income brackets. In New York state, where the tax on cigarettes is one of the highest in the nation, **people in the highest income groups spend only about 2% of their annual income on cigarettes. Poor New Yorkers [spend](#) nearly a quarter of their income (23.6%) on cigarettes. Similar statistics can be expected in Hawaii if this proposal is to pass. You cannot ignore the disproportionate impact that cigarette tax hikes have on low-income individuals when considering raising the tax rate on tobacco.**

Further, cigarette tax hikes promote black markets for smuggled tobacco products and consistently result in revenues coming in far lower than projected. Contrary to popular belief that tobacco smuggling a victimless crime, consisting of someone purchasing a few extra cartons across state lines, most tobacco smuggling is run by multi-million-dollar organized crime syndicates.

Paradoxically, this tax may even increase youth smoking in the state: By definition, criminals and smugglers – in addition to struggling retailers who are eager to find any way to avoid paying the tax – are unlikely to obey laws and would not follow rigorous age-verification requirements mandated at tobacco retailers and convenience stores.

Only three out of 32 state tobacco [increases](#) between 2009 and 2013 met tax revenue estimates and for this reason, economists and tax policy experts view tobacco taxes as unsound policy, and it is highly unlikely that revenue estimates will be met. It has been [determined](#) that **recent increases in the cigarette tax rate in the US have not led to anything like the reductions that cigarette tax advocates promised. During years when there is a large increase in taxes, there is not an equivalent drop in cigarette purchases.**

722 12th Street N.W.

Fourth Floor

Washington, D.C.

20005

T:(202)785-0266

F:(202)785-0261

www.ATR.org

Instead, I urge you, the Hawaii Legislature, to embrace new methods that are proven to help reduce smoking rates and facilitate adult smokers quitting through reduced risk alternatives to tobacco such as e-cigarettes. Please read more about e-cigarettes below and consider how these products will save lives in Hawaii.

Increased access to e-cigarettes is shown to lower smoking rates and improve public health. Rather than punishing the most vulnerable populations in your state by voting for SB 1528, I encourage you to consider supporting policies that encourage e-cigarette use among adult smokers. Tens of thousands of lives depend upon it.

About E-Cigarettes and Vapor Products:

- Traditional combustible tobacco remains one of the leading preventable causes of death in **Hawaii**. **The negative health effects of combustible tobacco come from the chemicals produced in the combustion process, not the nicotine.** While highly addictive, nicotine is a relatively benign substance like caffeine and nicotine use “does not result in clinically significant short- or long-term harms”.
- Nicotine replacement therapies such as nicotine patches and gums have helped smokers quit for decades. In recent years, advancements in technology have created a more effective alternative: **vapor products and e-cigarettes. These products deliver nicotine through water vapor, mimicking the habitual nature of smoking while removing the deadly carcinogens that exist in traditional cigarettes.**
- The [CDC](#) has found that only 3.1% of youths use e-cigarettes daily and youth vaping rates continue to decline sharply, disproving the myth of an ongoing “youth vaping epidemic.”

Benefits of E-Cigarettes and Vapor Products:

- Vapor products have been [proven to be at least 95% safer](#) than combustible cigarettes and are more than [twice as effective](#) at helping smokers quit than traditional nicotine replacement therapies.
- The Cochrane Review, the gold standard of medical meta-analysis, has identified “high certainty evidence” that e-cigarettes are more [effective](#) than nicotine replacement therapies at helping those who smoke quit.
- Vaping has been endorsed by over 100 of the world’s leading [public health organizations](#) as safer than smoking and an effective way to help smokers quit.
- When e-cigarettes entered the market in 2003, the U.S. adult cigarette smoking rate was 21.6%. **Due to increased access to vaping, the U.S. adult smoking [rate](#) has plummeted to [12%](#) as of 2022.**
- A University of Glasgow study showed that e-cigarettes particularly [help disadvantaged](#) persons quit smoking. **SB 1528 will have a tremendously negative impact on public health and would fail to decrease socioeconomic disparities by reducing adult access to products shown to improve public health.**

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- Large-scale [analysis](#) from Georgetown University Medical Center estimates that 6.6 million American lives can be saved if a majority of cigarette smokers switched to vaping. **This could save more than 100,000 lives in Hawaii alone.**

For the reasons outlined above, we call upon you to vote against SB 1528. **This legislation would do more harm than good and economically disadvantage the most vulnerable communities in Hawaii.**

Sincerely,

Dennis Hull
State Affairs Manager
Americans for Tax Reform

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