



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
Senate Committee on Commerce, Consumer Protection and Health
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SB 887 – RELATING TO TOBACCO TAXES

Chair Baker, Vice Chair Chang, and members of the committee:

The University of Hawai'i Cancer Center (UH Cancer Center) does not support this Bill as written and proposes consideration of amendment.

The UH Cancer Center is one of only 70 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.

The UH Cancer Center is a leader nationally in research focused on tobacco control and tobacco-related cancer prevention. Faculty at the UH Cancer Center have been recognized as international leaders in research into the health effects of e-cigarettes and have been selected as members of National commissions engaged in policy recommendations.

While the UH Cancer Center supports the premise of increasing tobacco taxes as a way to reduce consumption and thereby mitigate the adverse effects of tobacco products, the bill as written will have a detrimental effect on the UH Cancer Center and preclude expansion of smoking related cancer prevention research and community outreach.

The "Cigarette Tax" provides revenue to support UH Cancer Center operations. When first enacted, revenue to the Cancer Center totaled approximately \$19,000,000 per year. With the decrease in smoking in the State, due to efforts by the Cancer Center, the Department of Health and the tax itself, the revenue to the Cancer Center has been markedly reduced and in FY18 totaled \$13,800,000. However, the bond costs and costs of maintenance, utilities, facilities support and other building expenses totals approximately \$14,300,000 per year. Therefore, the Cigarette Tax does not support the

Cancer Center building, with an annual deficit of \$500,000, and provides no support at all for the Cancer Center programs, including its tobacco control efforts.

The Cigarette Tax has been amended on several occasions in the past as revenue has fallen due to a reduction in tobacco use by Hawai'i residents. However, the UH Cancer Center has not had an increase above 2 cents per cigarette since the initial legislation was passed.

If SB 887 is passed in its current form, there will be a further reduction in tobacco use, which is a laudable outcome. However, there will also be a substantial decrease in revenue to the UH Cancer Center. This will lead to a new operational budget deficit which the current administration has worked so assiduously to eliminate.

We are recommending that SB 887 be amended and the distribution to the UH Cancer Center be increased to 3 cents per cigarette. This will allow for sustainable fiscal operations at the only NCI designated cancer center in the Pacific. In addition, any portion of the UH Cancer Center distribution not required for building related operations will be allocated directly to support tobacco and cancer prevention research efforts that will greatly benefit the people of Hawai'i.

Thank you for the opportunity to provide testimony on this Bill.