



February 23, 2023

The Honorable Kyle T. Yamashita, Chairman  
The Honorable Lisa Kitagawa, Vice Chairman  
Hawaii House Committee on Finance

Dear Chairman Yamashita, Vice Chairman Kitagawa and the Members of the Hawaii House Committee on Finance,

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to share our strong opposition to House Bill 537. This bill would tax vapor products and other alternative nicotine products at the same rate as combustible tobacco products — a drastic 70%.

It is clear that vapor products are innovative solutions for smokers transitioning toward significantly less harmful alternatives. As you probably know, vapor products do not contain tobacco. They contain nicotine without the harmful chemicals found in traditional tobacco products intended for smoking. It is very concerning that this bill would apply a severe 70% tax on electronic nicotine delivery systems. This would severely limit the accessibility of these alternative nicotine products to lower- and middle-income residents.

Promoting healthy, smoke-free lives and preventing disease is an admirable goal. However, HB 537 will sadly have the opposite effect as intended. Taxing smoke-free alternatives at the same rate as cigarettes eliminates an economic incentive for consumers to choose a less harmful option. These products are very different, and the definition in state law and tax code should reflect their distinct characteristics.

This bill does a disservice to public health, could potentially create a black market for unregulated use and distribution, and will require consumers to pay more for safer alternatives.

National Taxpayers Union strongly believes House Bill 537 will hurt Hawaiians as they try to promote healthy lives and help those who struggle with smoking addictions. We urge you to stand with taxpayers and reject government overreach and tax increases.

Sincerely,

Mattias Gugel  
Director of State External Affairs  
National Taxpayers Union  
[mgugel@ntu.org](mailto:mgugel@ntu.org)