

STAND. COM. REP. NO. 499

Honolulu, Hawaii
Feb 18, 2011

RE: H.B. No. 1187
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 1187 entitled:

"A BILL FOR AN ACT RELATING TO THE LIQUOR TAX,"

begs leave to report as follows:

The purpose of this bill is to increase state revenues by raising the gallonage tax on liquor.

The Department of Taxation and a concerned individual supported this bill. Annheuser Busch Companies, Distilled Spirits Council of the United States, Hawaii Food Industry Association, Hawaii Liquor Wholesalers Association, Wine Institute, Tedeschi Vineyards, Ltd., Southern Wine & Spirits of Hawaii, and several concerned individuals opposed this bill.

Your Committee finds that it must balance the needs of those impacted by this measure with the need to address the significant revenue shortfall facing the State.

Your Committee intends to continue working on this bill and respectfully requests your Committee on Finance to review this measure and assess its financial impacts.

Therefore, to move this bill forward in the legislative process for further consideration, your Committee has amended this measure by:

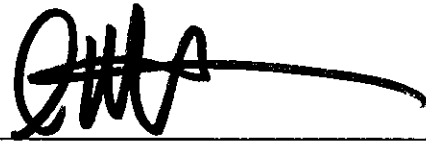
HB1187 HD1 HSCR ERB HMS 2011-2333



- (1) Changing the gallonage tax rates to be assessed on the various types of liquor to unspecified amounts;
- (2) Inserting the substance of H.B. No. 365, Regular Session of 2011, which reduces the gallonage tax rate for small breweries and brewpubs that brew or produce beer in the State to 23 cents per gallon of beer on the first 60,000 barrels of beer brewed or produced during the taxable year;
- (3) Establishing a general excise tax exemption for gross income or gross proceeds received by a wholesaler from the sale of liquor subject to the gallonage tax;
- (4) Inserting a severability clause;
- (5) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1187, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



