

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
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FREDERICK D. PABLO
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

HOUSE COMMITTEE ON FINANCE

TESTIMONY OF THE DEPARTMENT OF TAXATION REGARDING SB 741, SD 1 PROPOSED HD 1 RELATING TO INTOXICATING LIQUOR

TESTIFIER: FREDERICK D. PABLO, DIRECTOR OF TAXATION (OR
DESIGNEE)
COMMITTEE: FIN
DATE: APRIL 4, 2011
TIME: 3:30PM
POSITION: SUPPORT

This measure increases liquor tax rates but also reduces the liquor tax rate for small breweries or brewpubs that brew or produce beer in the State. This measure's liquor tax increase is similar to a provision in the Administration bill, HB 1062.

The Administration supports increasing these types of taxes in these times of financial distress, but recommends increasing the rate by 50% as contemplated in the Administration's bill rather than the 20% increase provided in this bill's proposed HD1 version. Please find below an illustration of how the increase will impact "per serving" cost.

Per Wine Gallon On	July 98 - June 11	July 1, 2011	Difference	Per Ounce	Typical Serving Size (Ounce)	Amount
Distilled Spirits	\$5.98	\$8.97	\$2.99	\$0.0234	1	\$0.0234
Sparkling Wine	\$2.12	\$3.18	\$1.06	\$0.0083	5	\$0.0414
Still Wine	\$1.38	\$2.07	\$0.69	\$0.0054	5	\$0.0270
Cooler Beverages	\$0.85	\$1.28	\$0.43	\$0.0034	8	\$0.0269
Beer Other than Draft Beer	\$0.93	\$1.40	\$0.47	\$0.0037	12	\$0.0441
Draft Beer	\$0.54	\$0.81	\$0.27	\$0.0021	16	\$0.0338

The Department defers to DBEDT on the merits of providing a lower tax rate for small breweries and defers to the Attorney General on the constitutionality of providing a different tax rate for in-state breweries.

In its current form, this measure's liquor tax increase is anticipated to increase general fund revenues by \$9.4 million per year beginning FY 2012. However, the lower rate for small breweries is anticipated to result in a revenue loss of \$2.1 million per year. The net revenue gain anticipated from this bill is thus \$7.3 million per year.

If the bill's liquor tax increase is returned to the Administration thresholds, the increase to the general fund would be \$23.4 million per year (a net of \$21.3 million factoring in the small breweries provision).



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SIXTH LEGISLATURE, 2011**

ON THE FOLLOWING MEASURE:

S.B. NO. 741, S.D. 1, PROPOSED H.D. 1, RELATING TO INTOXICATING LIQUOR.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Monday, April 4, 2011 **TIME:** 3:30 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): David M. Louie, Attorney General, or
Damien A. Elefante or Cynthia M. Johiro, Deputy
Attorneys General

Chair Oshiro and Members of the Committee:

The Department of the Attorney General notes that this bill may be challenged as violating the Commerce Clause of the United States Constitution.

This bill amends chapter 244D, Hawaii Revised Statutes, to add a provision that allows small breweries or brewpubs that produce beer in the State to pay a lower tax rate for the first sixty-thousand barrels of beer produced (page 3, lines 5-11).

"No State, consistent with the Commerce Clause, may 'impose a tax which discriminates against interstate commerce . . . by providing a direct commercial advantage to local business.'" Bacchus Imports, Ltd. v. Dias, 468 U.S. 263, 268 (1984), citing Boston Stock Exchange v. State Tax Comm'n, 429 U.S. 318, 329 (1977).

In Bacchus, the United States Supreme Court found that an exemption similar to the exemption proposed in this bill violated the Commerce Clause. At issue in Bacchus was the Hawaii liquor tax, which was originally enacted in 1939 to defray the costs of police and other governmental services. Because the Legislature sought to encourage development of the

Hawaiian liquor industry, it enacted an exemption from the liquor tax for okolehao (a brandy distilled from the root of the ti plant, an indigenous shrub of Hawaii) and for certain fruit wine manufactured in Hawaii. The United States Supreme Court concluded that the exemption violated the Commerce Clause because the exemption had both the purpose and effect of discriminating in favor of local products.

The lower tax rate for beer produced in-state, as created by this bill, appears to have similar purpose and effect as the exemption that violated the Commerce Clause in Bacchus.

We recommend that this bill be held or amended to allow the lower tax rate to apply to beer produced in all states.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. BOX 3378
HONOLULU, HI 96801-3378

In reply, please refer to:
File:

House Committee on Finance

S.B 741 PROPOSED HD1, RELATING TO INTOXICATING LIQUOR

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health
April 4, 2011; 3:30 p.m.

1 **Department's Position:** The Department of Health (DOH) supports passage of this measure
2 with recommended amendments.

3 **Fiscal Implications:** DOH defers to the Department of Taxation on the estimated revenues to be
4 generated by increasing the liquor tax, and to the Department of the Attorney General on
5 providing a different tax rate for small in-state breweries and brewpubs.

6 **Purpose and Justification:** As proposed, this measure amends: Section 244D-4, Hawaii
7 Revised Statutes (HRS), to increase the various liquor tax rates; adds a section to Chapter 244D,
8 HRS, and amends Sections 244D-1, 244D-4(b), 244D-6, 244D-9(a), HRS, to provide a different
9 tax rate and include in reporting requirements in-state breweries and brewpubs; and amends
10 Section 281-85, HRS, to allow consumers to receive discounts, coupons and rebates on the
11 combined purchase of alcoholic beverages and other grocery items.

12 The Department of Health efforts address citizens making healthy decisions. The
13 consumption of alcoholic beverages is proven to be harmful to human health. Increasing the
14 liquor tax will curb the consumption of alcohol and reduce incidences of alcohol-related
15 morbidity and mortality.

16 Higher taxes on alcohol increase prices and reduce alcohol consumption, mortality and
17 morbidity. Alcohol-related traffic crashes, violent crime and liver cirrhosis significantly decline

1 with increased taxes. The five-year (2006-2010) average for ADAD-funded annual admissions
2 with alcohol identified as the primary substance at admission is 1,046 adults (or 32% of total
3 adult admissions) and 785 adolescents (or 36% of total adolescent admissions).

4 Underage drinking continues to be a major public health problem. Teens who start
5 drinking before age 15 are four times more likely to develop alcohol dependence and 2.5 times
6 more likely to develop an addiction than those who begin drinking after age 21. Several studies
7 have shown that youth are especially sensitive to changes in prices. When prices rise there are
8 greater reductions in consumption and alcohol-related problems among youth. Taxes that
9 increase the price of alcoholic beverages could deter some youth from drinking, reducing current
10 and future alcohol problems.

11 Addiction to alcohol contributes disproportionately to injury, illness and death:

- 12 • Alcohol promotes hypertension, liver cirrhosis, cancers of the liver, mouth,
13 esophagus and larynx.
- 14 • The harm alcohol causes in the form of dysfunctional families, ruined careers and
15 school failure is incalculable.
- 16 • Drinking during pregnancy is the single most preventable cause of birth defects.
17 A woman's preconception alcohol use can be associated with poor behavioral risk
18 factors and outcomes that include, but are not limited to, preconception smoking,
19 domestic violence, and unintended pregnancies. Nearly 50% of pregnancies in
20 Hawaii are unintended (13% unwanted pregnancies). Unintended pregnancies
21 increase the risk of having an alcohol exposed pregnancy and giving birth to a
22 child with Fetal Alcohol Spectrum Disorders.
- 23 • Approximately half of all violent offenses, including murder, rape and robbery are
24 alcohol related.

- 1 • Excessive consumption of alcohol is known to be a dominating factor in
2 one-fourth to one-half of marital violence cases and one-third of child molestation
3 cases.
- 4 • Alcohol strains the resources of emergency rooms, police departments, and
5 prisons and contributes to reduced workplace productivity and high rates of
6 absenteeism and illness.
- 7 • Alcohol use escalates the cost of life and health insurance premiums for all
8 citizens, drinkers and non-drinkers alike.

9 The liquor tax is a user tax -- the more you drink, the more you pay. Over 80% of
10 Americans 18 years or over consume either no beer at all or, at most, three beers a week. The
11 6% of drinkers who purchase over 50% of the alcohol would pay the lion's share of the tax.

12 We support increasing the tax on alcoholic beverages, however, we respectfully
13 recommend the following amendments:

- 14 • Replacing the purpose clause in Part I, Section 1 (on page 1, lines 2-3) to read as follows:
15 The purpose of this part is to encourage Hawaii citizens to make healthy decisions
16 relating to the consumption of alcoholic beverages that have been proven to be
17 harmful to human health. Specifically, this part seeks to curb the consumption of
18 alcohol which reduces incidences of alcohol-related morbidity and mortality by
19 increasing the liquor tax.
- 20 • Deletion of Part III (page 6, line 18 through page 7, line 18) as discounts, coupons and
21 rebates on the combined purchase of alcoholic beverages and other grocery items
22 promotes alcohol consumption which is contrary to public health efforts.

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

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4567

SUBJECT: LIQUOR, Increase tax; tax on small breweries and brewpubs

BILL NUMBER: SB 740, Proposed HD-1

INTRODUCED BY: House Committee on Finance

BRIEF SUMMARY: Amends HRS section 244D-4 to increase the liquor tax rates effective July 1, 2011 to: \$7.18 per wine gallon on distilled spirits; \$2.54 per wine gallon on sparkling wine; \$1.66 per wine gallon on still wine; \$1.02 per wine gallon on cooler beverages; \$1.12 per wine gallon on beer other than draft; and \$0.65 per wine gallon on draft beer.

Adds a new section to HRS chapter 244D to provide that a small brewery or brewpub that produces beer in the state shall be subject to a gallonage tax of \$0.23 per gallon of beer on the first 60,000 barrels of beer brewed or produced during a taxable year; beer produced after the first 60,000 barrels shall be taxed under HRS 244D-4(a). Defines "small brewery or brewpub" as a brewery or brewpub that brews or produces not more than two million barrels of beer per taxable year.

Makes nontax amendments to permit Hawaii consumers to receive discounts, coupons and rebates on the combined purchase of alcoholic beverages and other grocery items.

EFFECTIVE DATE: July 1, 2011

STAFF COMMENTS: The proposed measure increases the liquor tax by 20% to encourage lower demand for the product. It should be noted that the use of the tax system as a social tool in its attempt to deter the sale of alcoholic products is an inefficient use of the tax system. It should be noted that Hawaii's tax rates on alcoholic beverages are among the highest, if not the highest, in the nation. This increase in liquor tax rates would reaffirm the perception that Hawaii is a tax hell.

The fortunes of the tax on alcoholic beverages are directly tied to the fortunes of the visitor industry as evidenced by dividing the resident population into the volume of alcoholic beverages consumed. Thus, any substantial increase in the tax on alcoholic beverages will affect the cost of such beverages to the visitor. Any increase in the tax rate on alcoholic beverages could have a trickle down effect in the bars from Waikiki to Ka'anapali. Since most leisure visitors are on a budget, that tax increase will also have an impact on the cost of the mixed drink or glass of wine to the point that it will, no doubt, reduce consumption and, therefore, the amount spent by the visitor for alcoholic beverages. Should that be the case and the volume is reduced, so will the amount of taxes collected. Given that Hawaii's tax rates on these beverages are amongst the highest in the nation, there is probably little tolerance for yet another increase in price of these beverages. Should consumption fall, not only will tax revenues decrease, but jobs and payroll will be affected in those establishments serving primarily tourists.

As lawmakers scratch their heads on how to deal with the unemployment problem and the lack of

activity in the economy, they have only to look at the uncertainty a measure like this creates. With the uncertainty of tax increases and the relative impact they will have on business activity, business owners and investors will be reluctant to go out on a limb and invest, not knowing if they are going to get hit up again.

This proposal to jack up the liquor tax rates by 20% will really hurt the folks who are in the on-premise consumption business that must build the tax increase into the cost of their served drinks and then mark it up because of the heavy liability insurance they must carry should one of their patrons drive drunk and the establishment is sued. For those bars and lounges located in leased space where the lease provides that rent includes a percent of the establishment's gross income, the retail cost of the beverages will have to be recalculated to accommodate this percentage charge. So what is now a \$7 martini in Waikiki will go to \$9 and the \$10 glass of wine may have to go to \$12. What an "ouch" that will be for the patron who will retaliate by buying one or two less drinks. Multiply that by 100 patrons a night and you are talking a business owner who is going to reduce his workforce because he cannot turn enough of a margin to cover the cost of one extra waitress or bartender.

If the bar owner cannot get the volume up enough with what slim profit margin he can charge, then he will not hire another person. Indeed it is the uncertainty of what the legislature is doing right now that will affect whether or not the unemployment rate can be addressed, let alone the revenue picture, to pull us out of this deficit.

This measure also proposes to impose a tax on small breweries and brewpubs. Currently, beer is subject to a state tax of \$0.93 cents per wine gallon while draft beer is subject to a tax of \$0.54. At the federal level beer is subject to a tax of \$18 per barrel. Brewers who produce less than two million barrels are subject to a tax of \$7 on the first 60,000 barrels and \$18 after the first 60,000 barrels.

While the proposed measure would establish a reduced rate of \$0.23 per gallon for the first 60,000 barrels of beer brewed or produced in the state by a small brewery or brewpub annually, it would grant a preferential reduced rate for beer produced locally as compared to beer that is imported. Unlike the federal preference which is extended to any and all micro brewers, the proposed preference in this bill would discriminate in favor of local brewers as opposed to all micro brewers. If nothing else, lawmakers should secure a legal opinion as to the constitutionality of conferring a preferential rate for brewers located "in the state."

The third part of this bill relates to the offering or extending discounts on this product by either coupons or rebates. Inasmuch as this is a matter for the consumer advocate, we reserve comment on this issue.

Anheuser-Busch Sales of Hawaii

99-877 Iwaena Street

Aiea, Hawaii 96701

Fax : 808-484-4382

Telephone : 808-484-4335

DATE: Monday, April 4, 2011 (3:30 PM)

PLACE: Conference Room 308

FROM: Bonny Amemiya, Director of Marketing/Sr. Business Analyst

TO: HOUSE COMMITTEE ON FINANCE

Representative Marcus Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

RE: S.B 741, Proposed HD1, RELATING TO INTOXICATING LIQUOR

Anheuser-Busch respectfully requests that this Committee OPPOSE SB 741, Proposed HD 1, with respect to coupons and the increase in alcohol taxes.

WE OPPOSE ALLOWING COUPONS ON LIQUOR

The reasons why we oppose coupons on the purchase of liquor:

- **Coupons on other merchandise that don't require the purchase of liquor are currently allowed. Therefore, it is unnecessary to add language that requires the purchase of liquor.** Coupons sponsored by alcohol manufacturers are legal in Hawaii and they currently do not require the purchase of liquor. Consumers already have the benefit of vigorous price competition on liquor in the Hawaii market so adding coupons on liquor that require the purchase of another product only serves to increase the amount the consumer is required to spend per transaction and provides an added inducement to purchase alcohol.
- **Two forms of couponing, "scanbacks" (which are discount payments to retailers based on the sales data from their scanners) and "IRCs" (instant**

redeemable coupons) are especially prone to fraud and abuse - In States where IRCs are allowed, too often, substantial numbers of coupons are redeemed for cash by retailers without any actual savings being passed on to consumers. If retailers are able to redeem coupons (either paper or electronic) and pocket the cash without the discount actually being given to the consumer, then the retailer has, in effect, received an illegal cash payment.

- **Coupons can be highly discriminatory, favoring large retailers over small.** Scanbacks require scanning equipment and IT support which works to the advantage of larger or more sophisticated retailers. Many of the cross-merchandising coupons feature products and skus that only the large national chains carry, thereby excluding small local mom and pop retailers from participation.
- **Neither the State nor the Counties have the resources to police couponing activities to insure that the consumer receives the full benefit of fair price competition.**

We continue to recommend that the language that would allow coupons on purchases of intoxicating liquor in combination with other merchandise be removed.

WE OPPOSE THE INCREASE IN LIQUOR TAX RATES

The reasons why we oppose the liquor tax increase are these:

- **Beer and alcohol taxes cost jobs** – our projections show that as prices rise and sales fall, thousands of local jobs will be lost directly or indirectly as a result of a 50% increase in alcohol taxes. The direct impact will be felt immediately by people who work in brewing, wholesaling, grocery, mom & pop stores, restaurants, and hospitality industries. The impact on hundreds more will fall indirectly on those who support the liquor and hospitality industries – those in shipping, trucking, suppliers, advertising, marketing, and other professional and non-professional service providers. Our community is best served by finding ways to increase jobs at this time, not put more people out of work.
- **Alcohol tax increases are inefficient** – history shows that for every dollar increase in the alcohol tax, only 50% flows back to the State in tax revenue. Alcohol taxes are hidden taxes that get marked up several times causing the price increase to the consumer to be much higher than just the tax increase.
- **Beer and alcohol taxes are regressive** – the burden of paying these increased taxes will fall most heavily on the working men and women in this State. It's unfair to single out this class of taxpayers when many families here in Hawaii are living paycheck to paycheck, struggling to make ends meet.
- **Beer excise taxes in Hawaii are already among the highest in the nation** – Hawaii's beer tax rate is at 93 cents per gallon while the national average is 27

cents. A 50% tax increase would secure Hawaii's position as the highest in the nation raising Hawaii's beer tax to over 5 times the national average.

Many of the employees at Anheuser-Busch have worked here for many years and value their employment. We are fortunate that our company has been able to provide good jobs and stable employment. We are especially proud that our company has supported countless charities throughout the State, having also made substantial cash donations including \$250,000 to support University of Hawaii Athletics over the past 3 years. If this liquor tax increase goes through, **jobs will be eliminated** and Anheuser Busch Sales of Hawaii will not be able to maintain the current level of community support in the future.

Our employees have collectively written over 200 personal letters to Senators and Representatives expressing their views on the increase in the liquor tax. Each did so voluntarily and told their own story in their own words. We ask that you consider their jobs and their livelihoods before making a decision on SB741, Proposed HD1.

Thank you for the opportunity to provide this testimony.

Respectfully submitted,

Bonny Amemiya



THE LEGISLATIVE CENTER

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April 4, 2011

Testimony To: House Committee on Finance
Representative Marcus R. Oshiro, Chair

Presented By: Tim Lyons, Legislative Liaison
Anheuser Busch Companies

Subject: S.B. 741, SD1, Proposed HD 1 – RELATING TO INTOXICATING LIQUOR

Chair Oshiro and Members of the Committee:

I am Tim Lyons, Legislative Liaison for Anheuser Busch Companies and we oppose this bill.

We understand that the state is in severe financial problems. We also understand that as legislators, you need to look for revenue sources wherever you can possibly find them. We also think however, that it is totally within your purview to take a look at the consequences of those tax increases.

In the case of liquor products, you are talking about products that are extremely price sensitive and have great elasticity. That is to say, the majority of people who consume our products are not alcoholics, but rather are casual drinkers. This means that they can do with or they can do without and as history has shown throughout the nation, as the price goes up, sales go down.

As sales go down, unemployment goes up.

We do not believe that in this economy, although it seems a perfectly natural reaction to increase taxes that you also do not want to do anything that will promote more people losing their jobs or having their hours cut back based on reduced sales. A liquor tax increase of almost any nature will do that and even a 20% increase will have job reducing repercussions.

With a 20% increase, we will be #1 in the nation at \$1.12 while the U.S. median is \$.20 cents. The liquor industry is not the "cash cow" it once was. Sales were down before this recession even started and they have only plummeted further. Although we are sometimes grouped under the heading of a "sin tax", we would like to remind this Committee that what we manufacture and sell is a legal product and it is not a sin to sit in your living room, watch the football game and, consume a beer.

While we know that everyone has to do their part in this kind of an economy, we are also of the belief that if you ask an industry to do too much from their part, that jobs will suffer and all we will achieve is more unemployment and less personal income.

As it relates to Part III, which provides coupons and discounts, we are also opposed. Since discounts are typically used in order to encourage sales, it might seem odd that a manufacturer would oppose them however, we find that they may not be a proper fit for Hawaii.

Retailers are already allowed to offer case discounts and same volume discounts. These are non-discriminatory price promotions or price discounts and are generally offered to all and any retailer who offers the product for sale.

A majority of the states however prohibit some sort of form of manufacture coupons or rebate. This is because they can be discriminatory, you can give them to some retailers and not others, and they are often prone to fraud and abuse. We have received several anecdotal stories of instances on the mainland where manufacturers provide a handful of these discounts to a retailer, the retailer waits for a certain amount of time and then turns them into the manufacturer. In other words, the coupons were redeemable for cash without any actual savings ever being passed on to the consumer. These in effect, are inappropriate cash payments or inducements by manufacturers to retailers.

We would remind this Committee that the liquor industry is highly regulated because of problems that occurred many years ago. Since the time of establishing a proper three tiered distribution system, we believe that the greed, the graft and the crime that accompanied these products have largely gone out of the marketplace; at least if they exist they do so at no greater degree than other industry. We are concerned however that this bill would jeopardize that situation and for these reasons, we think that expanding alcohol beverage coupons should be prohibited and, therefore, we would urge you to reject this section.

Part II of this bill provides a discriminatory rate for in state producers. What is an in-state producer?

Since liquor taxes are already based on a per barrel produced as an excise tax, the more barrels one produces, the heavier the tax load and while we would agree that the tax load is substantial, it nevertheless is proportioned to the amount that you produce. We find that a lowering of the tax rate based on a lower total overall production is highly discriminatory. We

would also refer the Committee to the Supreme Court's Bacchus Imports case which ruled that even though Hawaii was trying to encourage the production of locally produced products by assessing a favored tax rate, the court found that its purpose was improper.

Based on that we cannot recommend passage of this bill.

Thank you.

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

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TO: Representative Marcus R. Oshiro
Chair, Committee on Finance
Hawaii State Capitol, Room 306
Via Facsimile: 586-6001

FROM: Mihoko E. Ito

DATE: April 3, 2011

RE: **S.B. 741, S.D. 1, Proposed H.D. 1 – Relating to Intoxicating Liquor**
Hearing: Monday, April 4, 2011 at 3:30 p.m., Agenda #2

Dear Chair Oshiro and Members of the Committee on Finance:

I am Mihoko Ito, appearing on behalf of the Distilled Spirits Council of the United States (“DISCUS”). DISCUS is a national trade association representing producers and marketers of distilled spirits sold in the United States.

DISCUS opposes H.B. 741, S.D. 1, Proposed H.D. 1 which increases liquor tax rates. This bill also reduces the liquor tax rate on the first sixty thousand barrels produced in small breweries or brewpubs and makes it lawful to provide a discount for liquor purchases through coupons or mail-in rebates when made in combination with other merchandise.

We strongly oppose Part I of the bill, which proposes a 20% increase to the liquor gallonage tax assessed on liquor including distilled spirits. Distilled spirits are among the most heavily taxed consumer products in the United States. In Hawai‘i, they are already assessed substantial taxes and fees which are significant compared to other states.

Liquor tax increases drive down retail sales as consumers react to higher prices. This, in turn, negatively impacts many other industries critical to our economy, such as hospitality, tourism, and dining. At a time when Hawaii’s economy, including local businesses and consumers, is still recovering from the recession, increasing liquor taxes will impact consumer spending.

April 3, 2011
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In addition, when liquor prices increase, given the wide range of products across the industry, consumers inevitably "trade down" for products in a lower price range. Thus, at a time when the government is seeking additional sources of revenues, an increase in the liquor tax will not provide an answer to this problem. As shown in the attached chart from the Hawaii Department of Taxation, liquor tax revenues are already on the decline in Hawaii. Raising prices will not reverse this downward trend in collections.

Higher tax rates are estimated to decrease retail spirits sales by \$5.4 million. Including beer and wine, the estimated decrease in retail sales would total over \$12 million.

Increasing the liquor gallonage tax rates would significantly increase costs for anyone that enjoys a cocktail, beer or glass of wine. Whether in the form of higher prices or job losses, an excessive liquor tax is counterproductive and will impact low to middle income taxpayers most. The tax increases proposed in this bill would hurt, not help, Hawai'i's economy.

Finally, while DISCUS supports the intent of Part III of the bill as a creative marketing tool, it does nothing to soften the foregoing negative impacts of Part I, especially concerning reduction in tax revenue to the state and loss of retail sales. We take no position on Part II of the bill at this time.

For the reasons stated above, we respectfully ask that you hold H.B. 741, S.D. 1, Proposed H.D. 1. Thank you for the opportunity to testify.

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Hawaii Alcohol Excise Tax Collections

Fiscal Year	Alcohol Excise Taxes	Growth
FY 1999	\$ 38,507,709	
FY 2000	\$ 38,973,647	1.2%
FY 2001	\$ 37,739,684	-3.2%
FY 2002	\$ 39,086,648	3.6%
FY 2003	\$ 41,177,989	5.4%
FY 2004	\$ 41,250,271	0.2%
FY 2005	\$ 43,736,608	6.0%
FY 2006	\$ 45,654,388	4.4%
FY 2007	\$ 46,033,671	0.8%
FY 2008	\$ 45,619,485	-0.9%
FY 2009	\$ 47,241,622	3.6%
FY 2010	\$ 44,072,530	-6.7%
CAGR Pre-Recession		2.4%
CAGR Since Recession		-1.4%

Source: Hawaii Department of Taxation



April 3, 2011

Finance Committee Members:

**OPPOSE SB741 Part 1 section 2 & Part III section 3
SUPPORT SB741 Part III Section 8 with amendment**

Dear Chair Oshiro and Vice Chair Lee-

In the last several weeks world events have created a huge impact on the world and all of living and doing business in Hawaii.

First the incredibly tragedy of the earthquake and tsunami that hit both Japan and Hawaii, now impacting our visitor market and secondly the war in Libya and continued oil prices that have increased our fuel surcharge from 21% to 43.5% by May 1. BOTH CREATE A HUGE ECONOMIC IMPACT ON HAWAII.

Therefore-

We strongly oppose the 20% tax increase on beer, wine and spirits for the following reasons:

- Beer taxes in Hawaii are among the highest in the nation and far exceed the national average. This proposed tax would make HI the highest beer tax in the nation. Beer and alcohol should not be singled out to fund programs or fill budget shortfalls.
- Practical funding solutions should be fair and broad-based and coupled with frugal fiscal actions like any business trying to survive.
- Beer & alcohol excise taxes cost jobs. Any tax hike, regardless of the amount, will hurt consumers and businesses on every island and cost jobs. In this economy, we should be thinking about things that will increase economic prospects. Higher beer and alcohol excise taxes and reduced sales will negatively impact jobs in brewing, wholesaling, grocery and hospitality and have a negative broad ripple effect in other jobs that supply/support these businesses such as shipping, trucking, tourism and other services.
- Beer & alcohol taxes impact disposable income. Excise taxes are hidden taxes which get marked up several times causing it to be a much larger increase to the consumer.
- Nationally, beer excise taxes already add up to over \$5 billion. 44% of the price of beer is already taxes of some sort compared to all other consumer products which are less than 32%.

- Beer & alcohol excise taxes are inefficient. History shows that for every dollar raised in new excise taxes the net for the state is actually only about half. Excise taxes are hidden taxes which get marked up several times causing it to be much larger increase to the consumer. Compared to broad based taxes, beer and alcohol excise taxes damage the economy to a greater degree, reducing state revenues from many other sources.
- Beer & alcohol excise taxes are regressive. With higher costs on everything from filling the gas tank to paying for groceries, a higher beer tax is just one more burden that consumers with modest incomes can't afford. Beer excise taxes fall most severely on working men and women, an unfair group to single out to pay additional taxes. Lower income households pay, as a percent of their income, several times more than wealthier households.

The Kona Brewing Company strongly opposes Section III part 9 of SB741 and believes it would cause an unfair trade advantage.

- A majority of states already prohibit some form of manufacturer coupons or rebates for alcohol beverages, especially instant redeemable coupons (IRC) and scanbacks (which are discount payments to retailers based on the sales data from their scanners). That's because the cost of coupons is paid by suppliers and, thus, effectively becomes a direct payment to retailers that bypasses the middle tier. As such, coupons circumvent the intent and spirit of the regulatory framework and rationale underlying the three-tier system just as slotting fees do.
- IRC's are prone to fraud and abuse. Even though the vast majority of industry members operate in completely lawful ways, it is difficult to account for coupon transactions in such a way as to guarantee that every coupon is redeemed by a consumer for the purchase of the brand/product being discounted. Too often, substantial numbers of coupons are redeemed for cash without any actual savings being passed on to consumers. In those instances, the effective result is an inappropriate cash payment by manufacturers to retailers.
- Coupons can be discriminatory, favoring some retailers over others unless great care is taken to ensure that all retailers have access to them. Scanbacks, which are less prone to fraud, also violate the principle of retailers being treated without advantage. Many smaller retailers don't have scanning equipment, so scanbacks often work to the advantages of larger or more sophisticated retailers.
- Coupons and scanbacks are not needed to ensure that consumers receive the advantages of price competition. The alcohol industry is legally permitted to discount its products via non-discriminatory price promotions or price discounts to all retailers. This is the proper way that alcohol manufacturers and wholesalers can and do comply with the legal intent

of trade practice regulations, while at the same time competing with one another to give consumers the best possible price/value combination.

We support Part II, Section 3: Small breweries and brewpubs tax provision with amendments:

- Hawaii's small breweries and brewpubs provide direct jobs to approximately 300 residents. 10 years ago Hawaii boasted a dozen craft breweries. Today there are just six remaining – half of them have had to close their doors due to the high costs associated with brewing in Hawaii. Meanwhile, at the national level, the U.S. boasts the highest number of operating breweries in 100 years. Hawaii should be mirroring that trend.
- This tax provision needs to include all small brewers instate or out of state that qualify for the federal small brewers tax rate- Reduction on first 60,000 barrels of beer for those brewers brewing less than 2 million barrels a year.
- Hawaii's small brewers a break, allowing them to continue to grow. Nationally, the craft beer industry grew 7.2 percent by volume and 10.3% by dollars in 2009. That growth is driven by the market's desire to buy and experience diverse local products.
- To only offer the break to in state production is a violation of the Supreme Court Granholm Case that is becoming the cornerstone of many legal battles around the country. The Bacchus Case was decided unconstitutional. More than a dozen states throughout the country offer their own tax provisions to small craft breweries.
- A small brewer tax provision would encourage investment into expanding and building breweries here in Hawaii.

Sincerely,

Mattson C. Davis

President

Kona Brewing Company



MAUI BREWING CO.

3 April 2011

Re: SB 741, Support for Small Brewers Provision with Amendments; Opposed to coupons

Aloha Ladies and Gentlemen of the Committee:

I apologize for not being present personally at the hearing. My growing small business requires my presence. As a strong supporter of this and similar measures, I will be present in as many hearings as I can. I realize that my testimony is lengthy however it is important to cover all the ramifications to our industry here.

I am in strong support of SB 741 but with some very necessary Amendments; including clarification on what beer qualifies, removal of the couponing/discounting portion, and the amount of tax being sought on the increase.

Firstly, we need to clarify that the small brewers tax provision covers **ONLY THE AMOUNT OF BEER BREWED IN HAWAII**. I propose amending the wording to be as follows (changes in **Bold**):

"§244D- Small breweries and brewpubs; tax. Every small brewery or brewpub that brews or produces beer in the State shall pay a gallonage tax of \$0.23 per gallon of beer on the first sixty thousand barrels of beer brewed or produced **in the State** during the taxable year. Beer produced after the first sixty thousand barrels during a taxable year shall be taxed under section 244D-4(a)."

This is to clarify that only beer wholly brewed in Hawai'i qualifies for the provision and mainland companies such as Kona Brewing and others are not given a small producer benefit on the portions brewed outside the State. However, we do support the provision applying to their IN STATE production only.

Secondly, we believe that the discounting and coupon portion of the bill should be removed completely. We truly "Local" brewers, brewers that brew 100% of our product in Hawai'i with local labor, myself at Maui Brewing Co. and our bretheren at Hawai'i Nui Brewing Co. in Hilo, Waimea Brewing on Kauai, and Big Island Brewhaus on Hawai'i stand united on this cause. The large breweries (Bud Miller Coors etc.) seeking the coupon allowance operate on costs of production that are less than half of the costs of local brewers. The passage of this provision will create unfair competitive advantage and encourages consumption of cheap alcohol and food. By discounting and thereby incentivizing consumers to drink more of lower quality products (most likely with discounts on junk food) we further put the health of both our people AND our economy at risk. The passage of this bill puts the jobs of at least 150 constituents at risk. If we cannot compete fairly, we cannot sustain business in Hawai'i.

Here are a few other things to consider regarding couponing:

- A majority of states already prohibit some form of manufacturer coupons or rebates for alcohol beverages, especially instant redeemable coupons (IRC) and scanbacks (which are discount payments to retailers based on the sales data from their scanners). That's because the cost of coupons is paid by suppliers and effectively becomes a direct payment to retailers that bypasses the middle tier. Coupons circumvent the intent and spirit of the regulatory framework and rationale underlying the three-tier system just as slotting fees do.

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- IRC's are prone to fraud and abuse. It is difficult to account for coupon transactions in such a way as to guarantee that every coupon is redeemed by a consumer for the purchase of the brand/product being discounted. Too often, substantial numbers of coupons are redeemed for cash without any actual savings being passed on to consumers. In those instances, the effective result is an inappropriate cash payment by manufacturers to retailers.
- Coupons can be discriminatory, favoring some retailers over others unless great care is taken to ensure that all retailers have access to them. Scanbacks, which are less prone to fraud, also violate the principle of retailers being treated without advantage. Many smaller retailers don't have scanning equipment, so scanbacks often work to the advantages of larger or more sophisticated retailers.

In 2005 when I started Maui Brewing Co. I did so with the vision of producing the highest quality ales and lagers available in the State, and doing so with a strong commitment to always brewing in Hawai'i. At that time most so-called "Hawaiian" beers were being brewed in the mainland and shipped to Hawai'i; it was my goal to bring truth and authenticity to Hawaiian Beer. We have stayed true to our vision and have brought attention to craft beer in Hawai'i for the first time in history. We have won more awards at all levels of competition for our beers than any other brewery in the State. We are proud that in the craft brewing community around the world the name "Maui Brewing Co." is synonymous with world-class beer of a truly local Hawaiian origin. It has become increasingly difficult to grow and remain competitive with the extremely high cost of production in Hawai'i relative to our mainland counterparts, this compiled with the highest taxes in the Nation results in a disincentive to manufacturing in the State and a complete lack of competitive capability. One look at the store shelves will show you that our true Hawaiian beers are the most expensive beers on the shelf. Unfortunately this keeps them out of the reach of the average Hawaiian family. This is a sad state of affairs. We operate on margins that are less than half of those by the large MNCs seeking the coupon bill passage. Our position is if they can give a discount, they can afford a tax increase.

Lastly, in regards to the tax increase. We believe that an increase in taxes at the 20% level could discourage tourism and have an overall negative effect on revenues. Coupons will not offset this as they will not effect the large amount of sales through on-premise accounts, essentially sales to visitors. At this time when tourism is just beginning to return we need to proceed cautiously in pursuit of anything that might negatively effect the service industry.

Maui Brewing Co. is now Hawai'i's largest brewery, we are also the only brewery canning our beer in the State. We purchase our cans from a local Ball Corporation plant in Kapolei further supporting local labor. Bottles are not made in Hawai'i and we, as do many others, believe the can is better for beer. One reason for our growth is we have begun to sell our beer in the mainland and in international markets. I am often asked why my beers sell for the same price, and in some instances cheaper, on the west coast than in Hawai'i, as imported beer should be more expensive. Sadly, the State taxation in Hawai'i is so high that I can ship my beer AND pay taxes to the Western States for less than just the tax in Hawai'i. For example, CA is approx \$.45 per case versus Hawai'i at \$2.09 per case. This disincentive to local sales has encouraged an outward migration of jobs, taxes, and manufacturing. We want to be encouraged to sell our products in Hawai'i, and the support of our government officials with a decrease in tax for in-state produced product is the only way. We are not asking to pay the lowest tax, but a tax rate competitive to other States. It is time to create a small brewers tax provision that will allow us to bring back and create more jobs through growth. We believe in a strong Hawai'i, this starts with small businesses which are the backbone of any strong community.

Maui Brewing Co. currently employs 51 employees in the State. These employees live in Hawai'i, raise their children here, pay taxes, and contribute to the community. Forty-two employees are full-time employees with family-level wages, insurance benefits including health (medical, drug, dental, vision and preventative care), life insurance, and 401(k). We do not currently match contributions to 401(k), our goal is to implement profit sharing and/or matching this year as we believe in employee appreciation; we simply would not be where we are without our staff.

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In speaking with others in our local industry, we collectively agree that the small brewers tax provision we are seeking would be utilized by us all to invest in new equipment and people in order to continue growing our companies locally. This would serve to bring local jobs to market and help get workers looking for jobs off unemployment and government assistance. Our growth would allow us to actually pay more in taxes as a result of increasing sales.

For our fiercely local company we believe in the true origins of Hawaiian products and are vehemently against those masquerading as Hawaiian without being made locally. Our beer will always be authentic and truly brewed in Hawai'i. This is the foundation for getting Hawai'i back on track; build a strong foundation of local businesses providing jobs to the community and tax revenues to the State. Do NOT give unfair advantage to the peddlers of commodity beer that serve to only contribute to the mass consumption of low quality alcohol and food.

The small brewers tax provision proposed within SB 741 helps put Hawai'i on a solid foundation and on track to a healthy and prosperous future. The couponing provision allows for unfair competitive advantage by mainland breweries and presents a negative environment for local manufacturing. Simply put, voting for SB 741 with the above-mentioned amendments, means voting FOR a STRONG HAWAII. It's good for local business, its good for local labor, and it makes for a strong Hawai'i.

Thank your for your time, please feel free to call me with any questions.

Mahalo,



Garrett W. Marrero
808.661.6205 office
808.280.4687 cell
G@MauiBrewingCo.com

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3939 W. Highland Blvd
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April 2, 2011

Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair
Committee on Finance
Hawaii State Capitol, Room 308

RE: SB741 Proposed HD1 Relating to Coupons and Taxation

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

MillerCoors supports the language contained in SB741 Proposed HD1 to allow beer manufacturers to provide discounts to Hawaii consumers. We support these provisions because of the value the proposed legislation will bring to consumers, retailers and government in Hawaii.

Current law does not allow a beer purchase on coupon and rebate programs, and as our data demonstrates, value is being lost when compared to other states that allow such programs. There are 38 states that allow couponing on beer products, and 14 of those states allow Mail-in Rebates, Instant Redeemable Coupons and scan programs.

If the law is changed via SB741 Proposed HD1, we anticipate an increase in retailer sales, as well as redemption by consumers. These additional sales would benefit revenue collections in the state via increased sales and excise taxes, as the attached information demonstrates. In addition, by involving suppliers, retailers and customers in the program, we believe the integrity of the system will be preserved and additional value will be enjoyed by consumers in Hawaii.

However, MillerCoors is OPPOSED to the provisions of SB741 Proposed HD1 that increase the excise tax rates on large brewers and at the same time reduce excise taxes for smaller brewers. Those provisions are inherently unfair and treat the same members of an industry in an unequal manner.

Please accept this testimony for the committee hearing.

Please contact me if you have any additional questions at (916)771-6447.

Lance Hastings
Director – State Government Affairs

Coupons for Beer Products

Permitted - All

Alaska	Delaware	Mississippi	South Carolina
Arizona	Florida	Nevada	Wisconsin
California	Illinois	New Mexico	Wyoming
DC	Iowa		

Permitted – Mail-In Rebates

Connecticut	Massachusetts	New York	South Dakota
Georgia	Michigan	North Dakota	Tennessee
Idaho	Minnesota	Ohio	Virginia
Louisiana	Nebraska	Oregon	Washington
Maryland	New Jersey	Pennsylvania	

Permitted-IRC/MIR; Prohibited-Scan

Colorado	New Hampshire	Oklahoma	Rhode Island
Kansas			

Prohibited-IRC/Scan; BAR-MIR

Vermont

Board Approval Required

Montana

Coupons for Other Products

Permitted

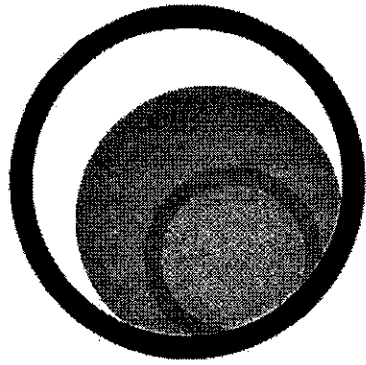
Alabama	Hawaii	Mississippi	Pennsylvania
Alaska	Idaho	Missouri	Rhode Island
Arizona	Illinois	Nebraska	South Carolina
Arkansas	Indiana	Nevada	South Dakota
California	Iowa	New Hampshire	Tennessee
Colorado	Kansas	New Mexico	Texas
DC	Kentucky	New York	Virginia
Delaware	Maryland	North Carolina	Wisconsin
Florida	Massachusetts	Ohio	Wyoming
Georgia	Michigan	Oklahoma	

Board Approval Required

Maine	Montana	West Virginia
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Prohibited-IRC; Permitted-MIR

Connecticut	Minnesota	Oregon	Washington
Louisiana	North Dakota	Utah	



MillerCoors™

**Value Opportunities
for Hawaii**

Prepared for MillerCoors LLC by:

Andrew Perroy & Isaac Riffelmacher

University of California, Davis Graduate School of Management

Coupons benefits Hawaii in 3 ways

- Increased value to Consumers
- Increased revenue to Retailers
- Increased tax revenue to Hawaii

Value offer delivery landscape is diverse

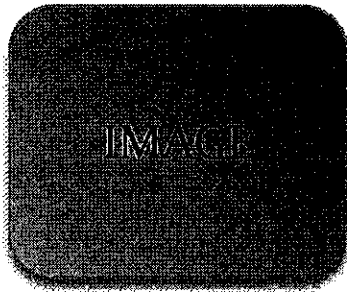
- Types of coupon vehicles:

 - 80% - Mail-In-Rebate (MIR)

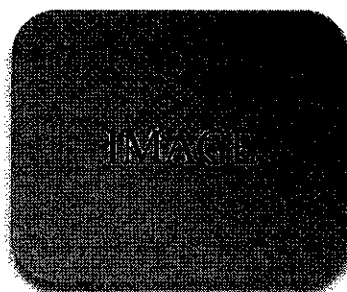
 - 20% - Instant Redeemable Coupons (IRC)

- Methods of delivery:

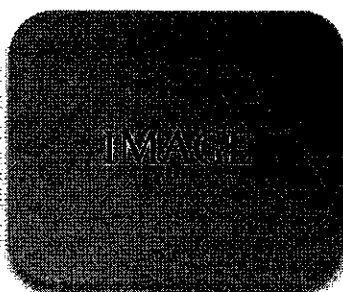
Tear Off Pads



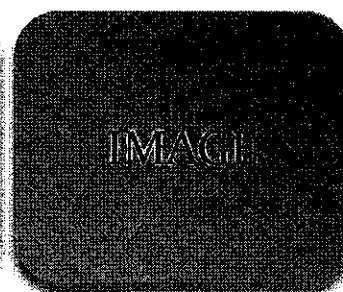
Take One



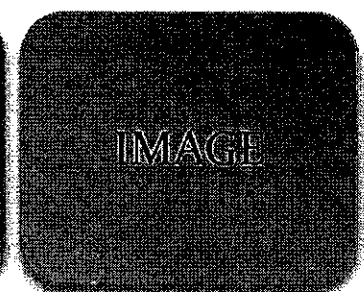
In Ad



On Pack



Pamphlet



Hawaii Revised Statutes

Section 281-85

It shall be unlawful for any person acting as agent or representative of a non resident principal or for any licensee directly or indirectly or through any subsidiary or affiliate, to give any premium or free goods of intoxicating liquor or other merchandise *in connection with the sale of any intoxication liquor*, or to offer or to provide any premium or free goods of intoxication liquor in connection with the sale of other merchandise.

i.e. No purchase necessary

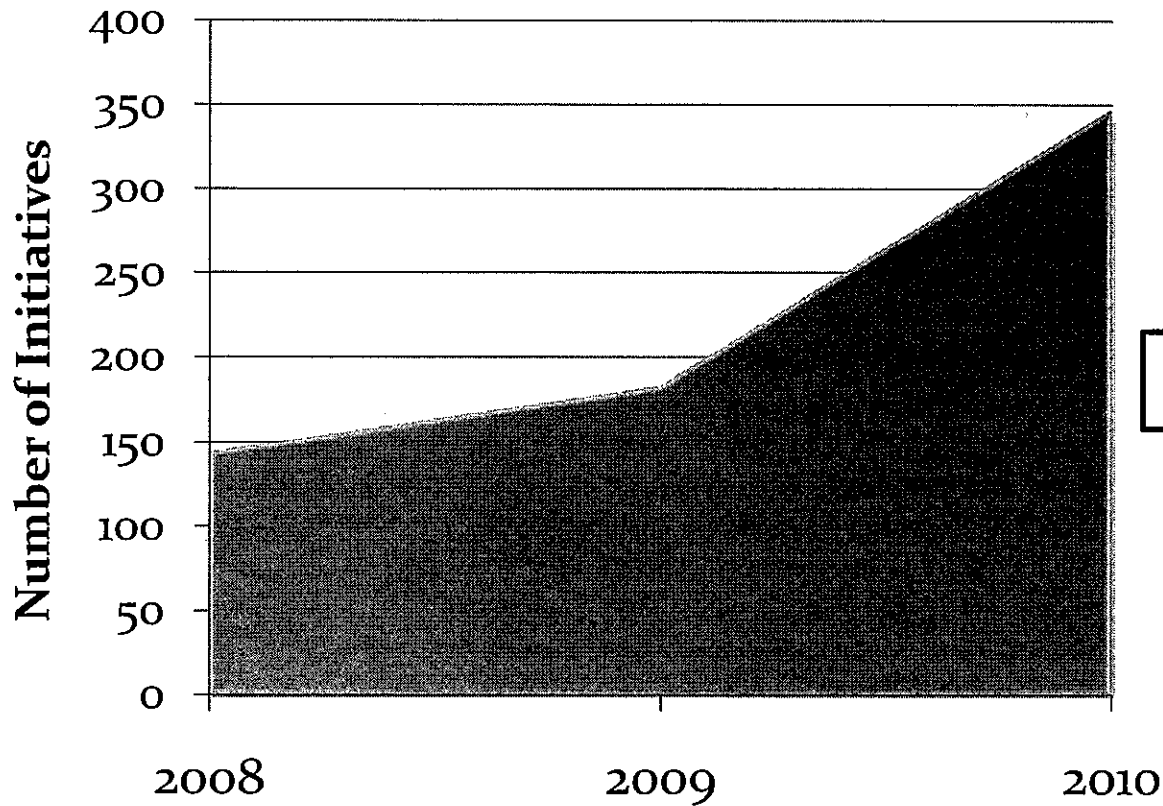




**Increased Value to Consumers in Hawaii
Means More
Money in Consumers' Pockets**

National MIR campaigns grew dramatically from 2008 to 2010

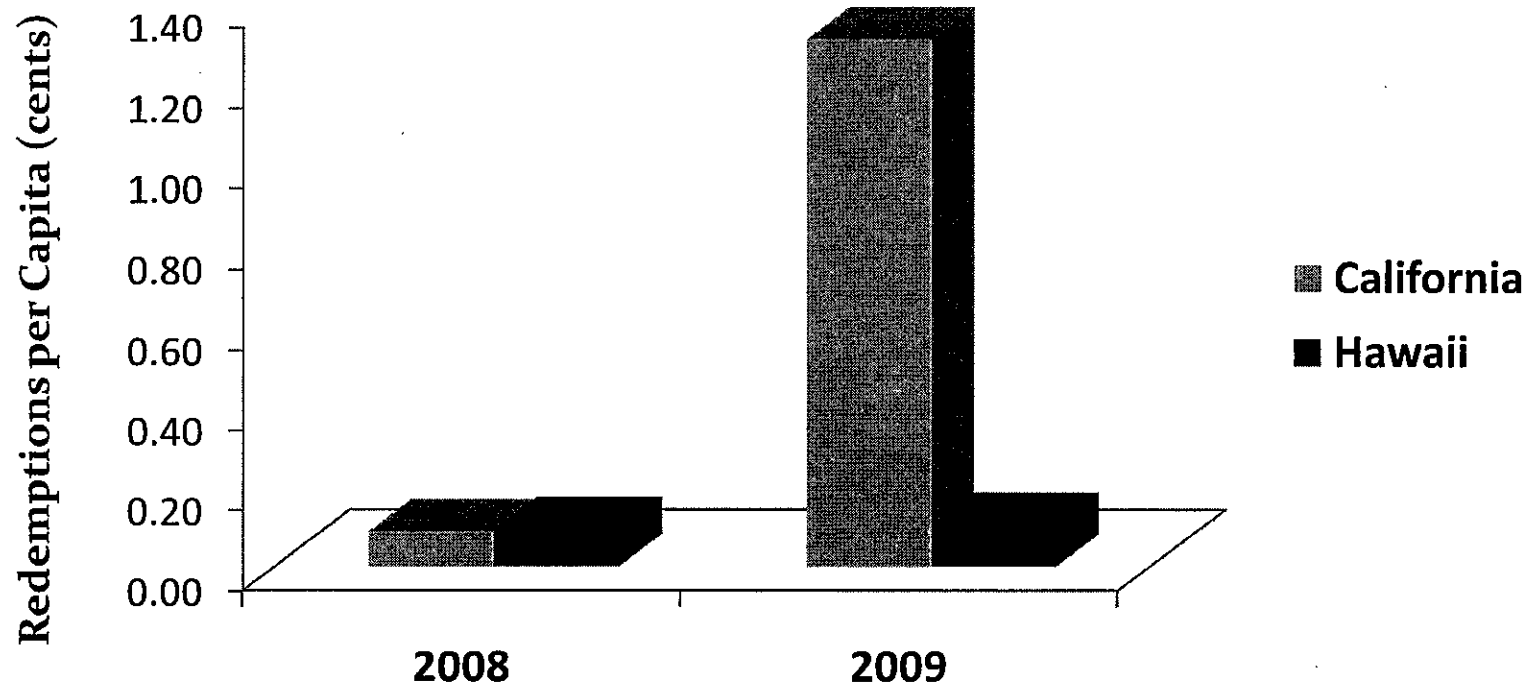
Coors Brands MIR Program Initiatives



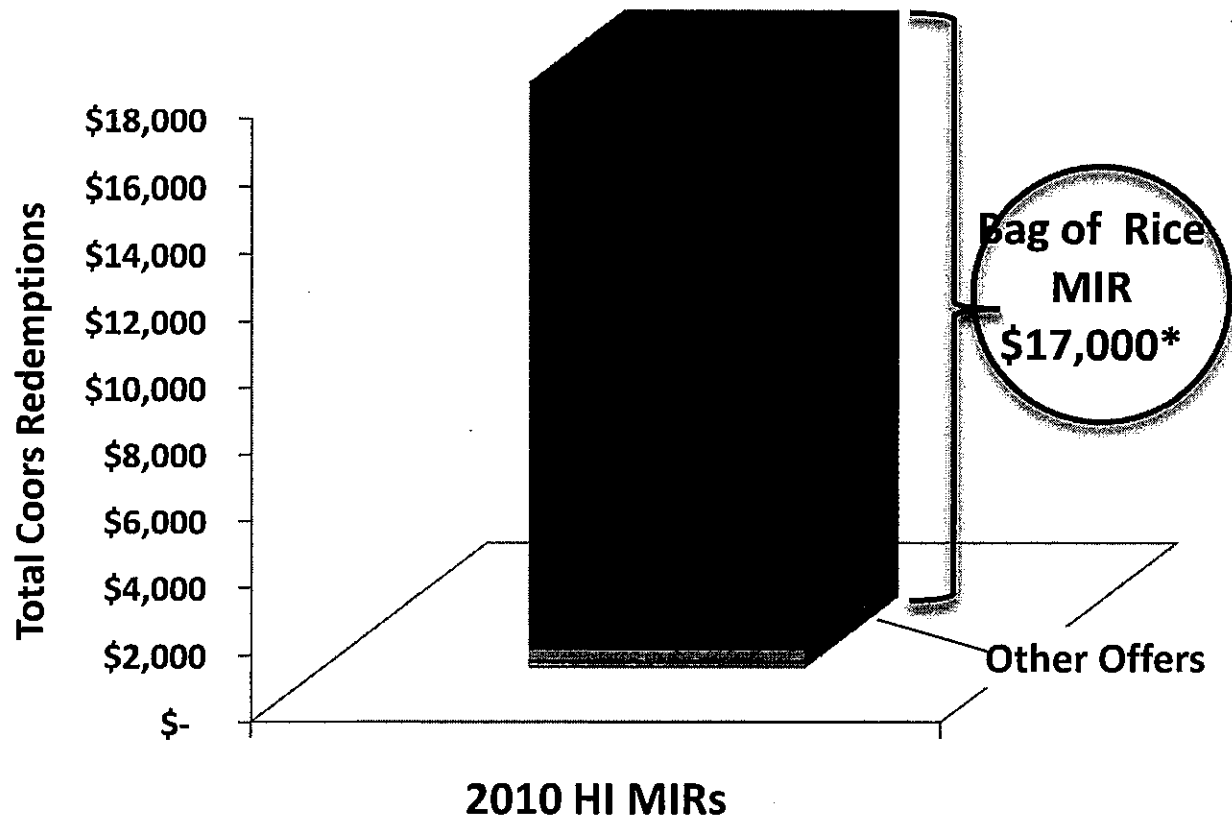
141% Growth

Accordingly, MIR redemptions for Coors products skyrocketed in 2009, but Hawaii remained flat

MIR Redemptions Adjusted for Population



In 2010, MillerCoors tested HI market with a CA-style program—consumers rushed to take advantage

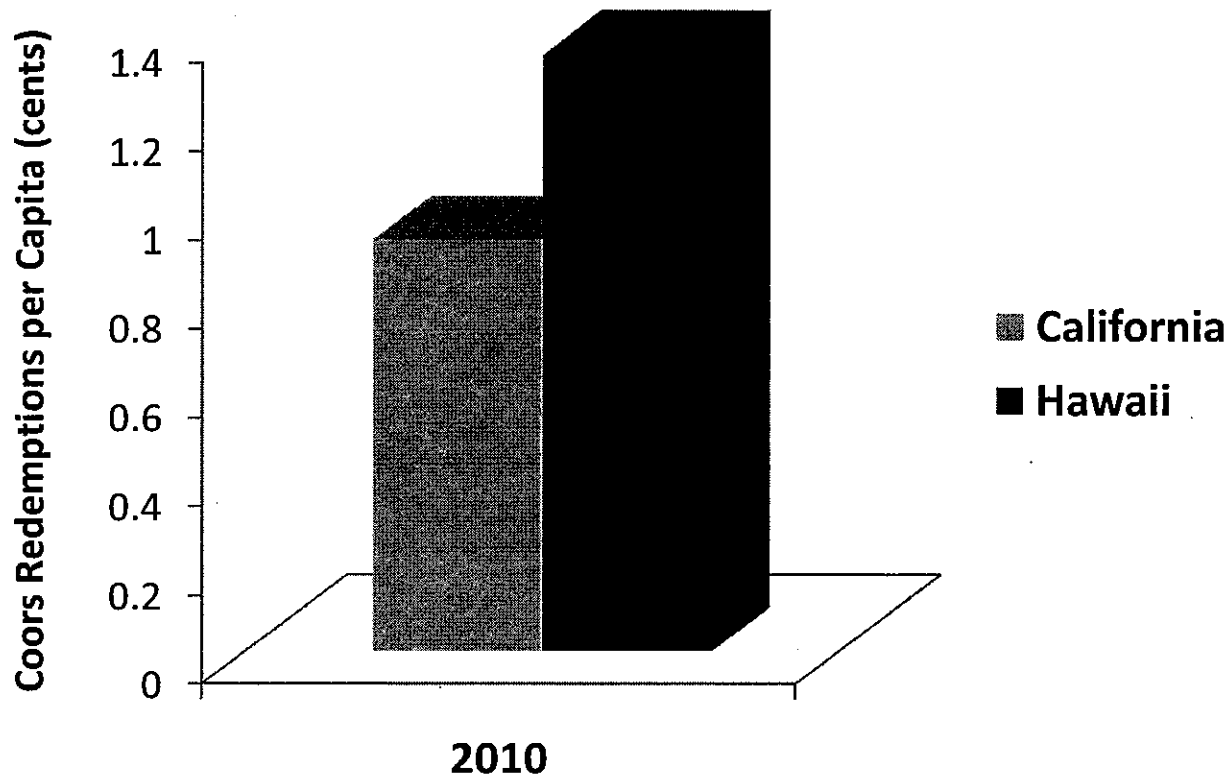


The experiment proved that Hawaiian consumers want these types of MIR offers

* \$10 MIR with 20lb bag of Rice or larger. 3/15/2010-6/30/2010. Offer # 101120-101121.



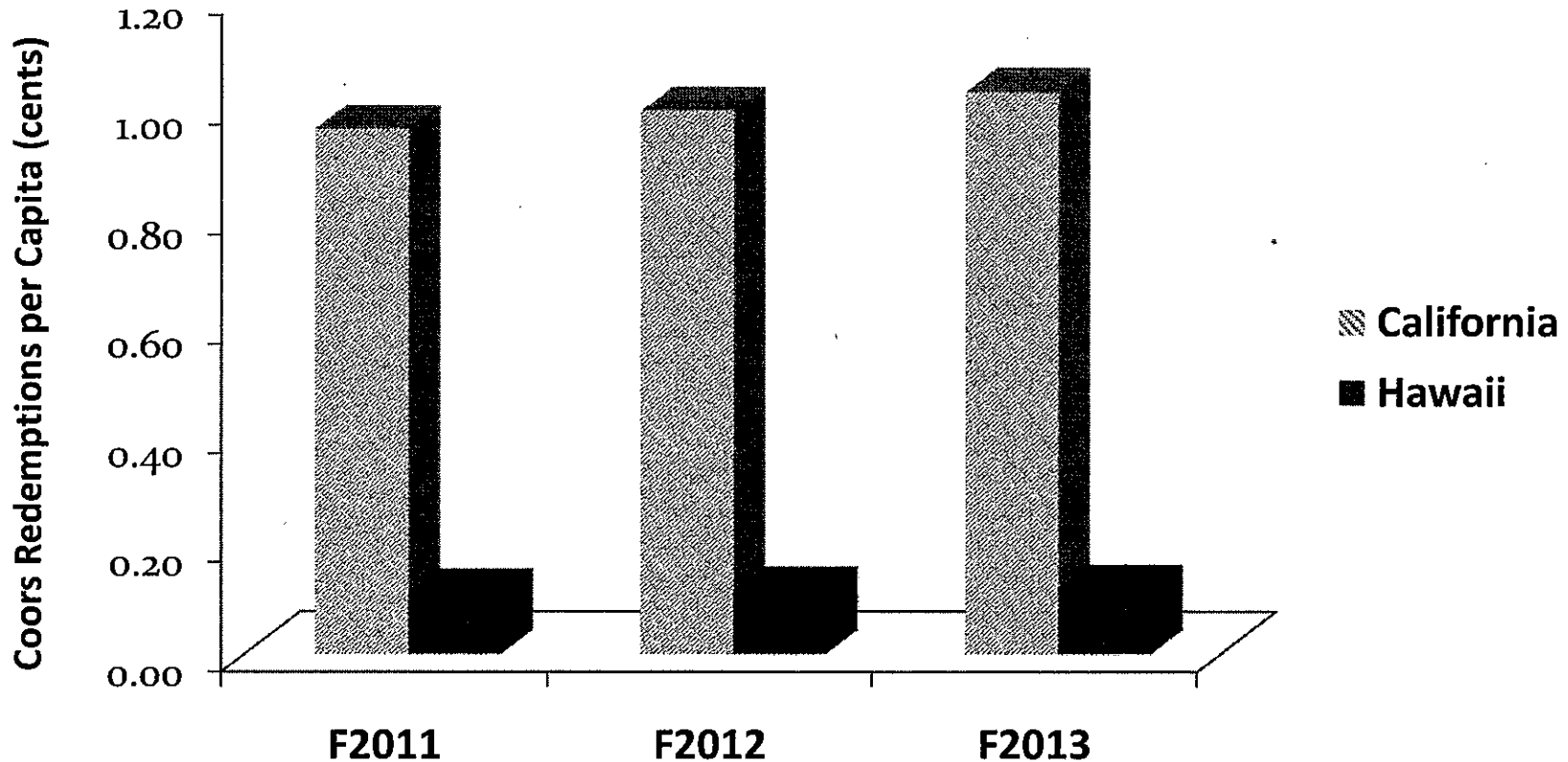
Hawaii even beat CA in 2010 per capita MIR redemptions



- However... Lack of purchase requirement hides any measurable retail sales increase

- Continuing these types of programs is unlikely unless law is changed.

Local value from Coors coupons looks bleak in the coming years*



The status quo will ensure that consumers receive 9x less value from Coors coupons compared to Californians

* Assuming an annual increase in MIR expenditures of 3.5% from 2011-2013

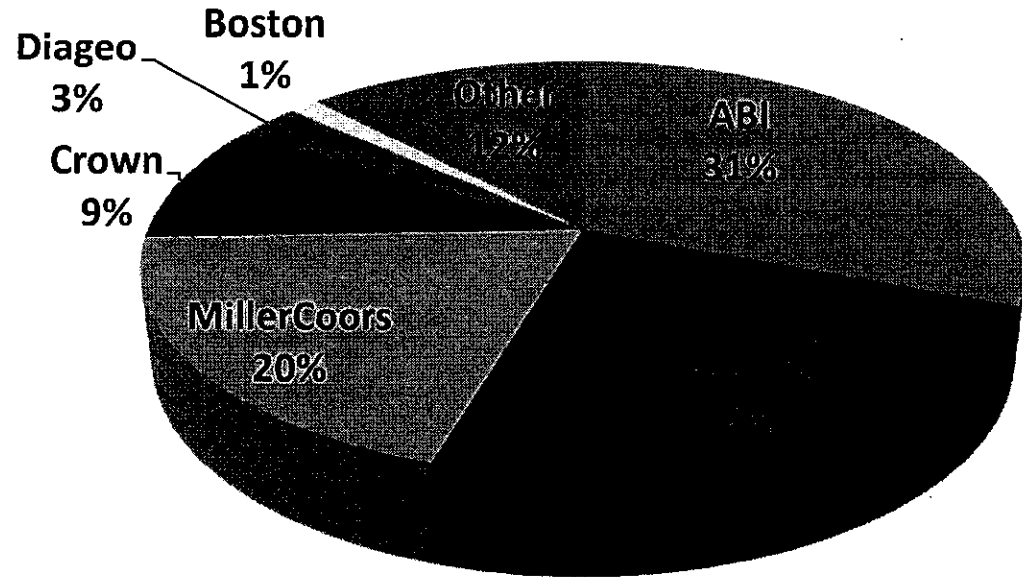


HI should receive at least as much value per capita from MIR coupon redemptions as CA

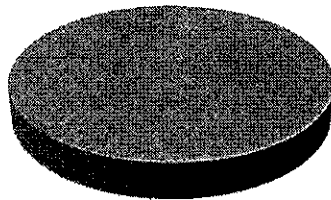
- MillerCoors and other food and beverage companies will invest in Hawaii given the right environment
- MillerCoors should redeem MIRs in HI at the same rate as in CA
 - More MIR redemptions means more cost savings for HI consumers (see MillerCoors table on next slide)
- The effects would be even more dramatic when applied to all food and beverage...

With legislative change, forecasts predict 2011 can bring increased MIR value to Hawaiian consumers

All Malt Beverages



MillerCoors



MillerCoors Redemptions	
2011 status quo ¹	2011 w/changes ²
\$1,455	\$18,297

Total Coupon Redemptions	
2011 status quo ¹	2011 w/changes ²
\$7,275	\$91,485

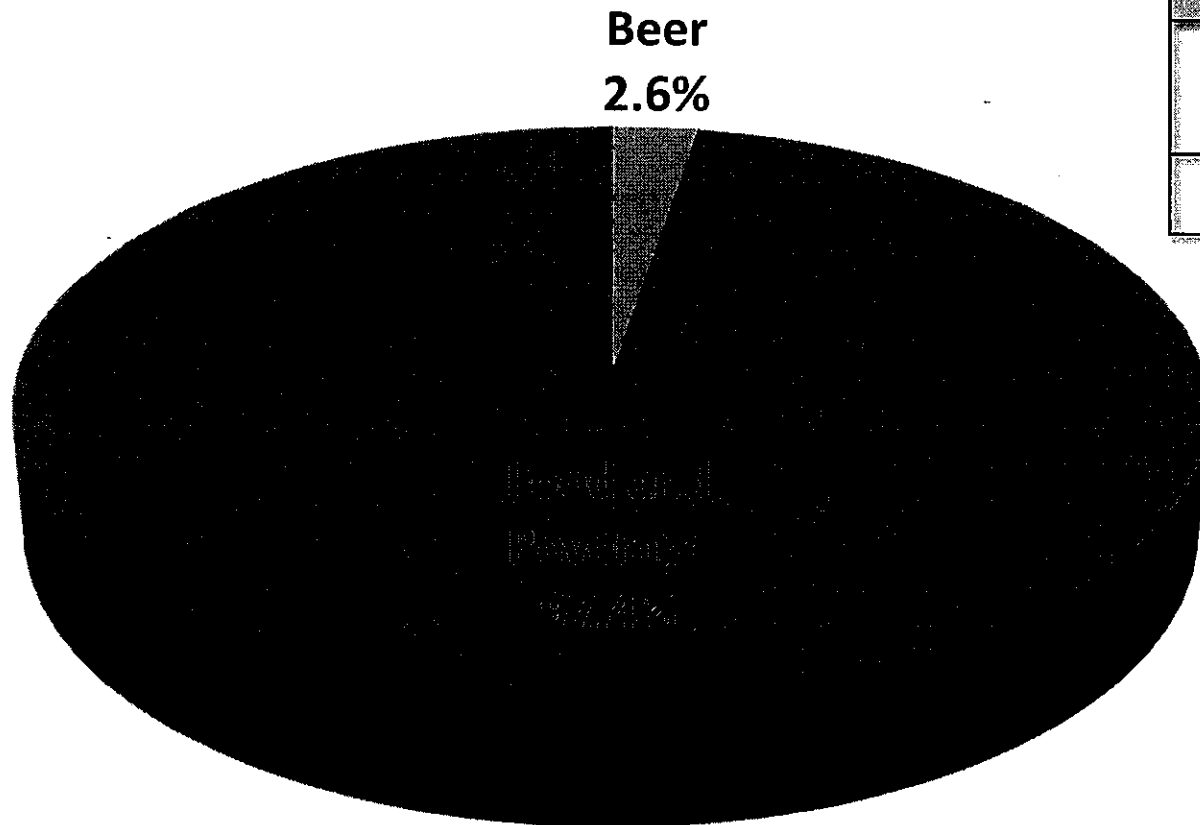
¹ Hawaii MIR redemptions at the forecasted status quo rate of 0.11 cents per capita

² Hawaii MIR redemptions at the California rate of 1.39 cents per capita

2008-2010 coupon redemption data from TriStar, The Nielsen Company 52 weeks ending 1/1/2011



Enormous consumer value once extended across all Food and Beverage in Hawaii



Total Coupon Redemptions	
2011 status quo ¹	2011 w/changes ²
\$279,808	\$3,518,654

¹ Hawaii total food and beverage MIR redemptions at the forecasted status quo rate of 0.11 cents per capita

² Hawaii total food and beverage MIR redemptions at the California rate of 1.39 cents per capita

The Nielsen Company total U.S. Food & Beverage 52 weeks ending 12/25/2010



Suggested change to Hawaii Revised Statutes Sec 281

Notwithstanding any other provision of this chapter, it shall be lawful for any person acting as agent or representative of a non resident principal or for any licensee directly or indirectly or through any subsidiary or affiliate, to provide a discount to the consumer, either in the form of a coupon redeemed through a retail licensee or through a mail-in rebate and proof of purchase the consumer sends to the licensee or its agent or representative, when purchasing both intoxicating liquor and other merchandise.

i.e. Cross-Merchandise, purchase necessary



Legislative change means:

Increased Revenue to Retailers

Increased Tax Revenue to Hawaii

Research indicates as redemptions grow, so do basket size and tax revenue

- In-store couponing can increase basket size by 14%¹
\$1.00 in-store coupon increases sales by \$7.68¹
- Cross-merchandise coupons are redeemed at 5x the rate of traditional coupons²
- 70% of all purchasing decisions made in store¹

¹Carrie M. Heilman, Kent Nakamoto, Ambar G. Rao. "Pleasant Surprises: Consumer Response to Unexpected In-Store Coupons." *Journal of Marketing Research*. Volume XXXIX. Issue (May 2002): 242-252. Print.

²Christophe Collard, Michael Pustay, Christophe Roquilly, Asghar Zardkoohi. "Competitive Cross-Couponing: A Comparison of French and U.S. Perspectives." *Journal of Public Policy & Marketing*. Volume 20(1). Issue (Spring 2001): 64-72. Print.



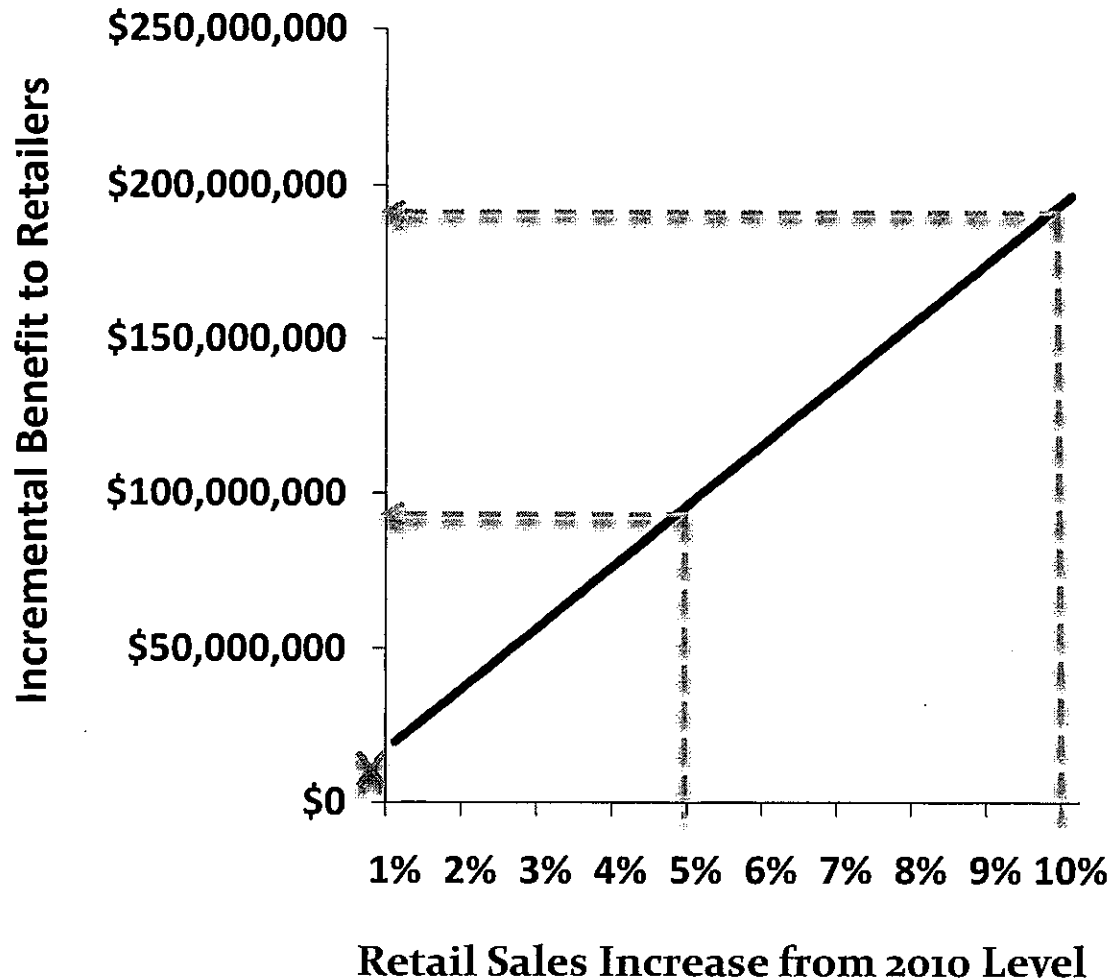
Hawaii should change the law to benefit consumers and bring more value to the state

- A 10% sales increase in the malt beverage category would mean:

\$16.2 million increased revenue to local retailers
over 3 years

\$649,000 increased general excise tax revenue to
Hawaii over 3 years

New coupon law will increase food & beverage sales by up to 10%, which leads to \$197 million more for retailers



Incremental Benefit			
	10%	5%	1%
Retailer	\$196.8 M	\$98.3 M	\$19.7 M
State Tax	\$7.9 M	\$3.9 M	\$0.8 M

Based on The Nielsen Company Oahu malt beverage sales for 52 weeks ending 1/1/2011



The legislative change ensures that previous opportunity cost now becomes value for Hawaii

- Increased value to Hawaii Consumers, up to

\$3.5 Million

- Increased revenue to Hawaii Retailers, up to

\$197 Million

- Increased tax revenue to Hawaii, up to

\$7.9 Million

Data References

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HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)

1050 Bishop St. Box 235

Honolulu, HI 96813

Fax : 808-791-0702

Telephone : 808-533-1292

DATE: Monday, April 04, 2011 TIME: 3:30 P.M. PLACE: Conference Room 308

FROM: Hawaii Food Industry Association - Lauren Zirbel, Government Relations

TO: COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

RE: PROPOSED SB 741 HD1: Increases liquor tax rates. Reduces the liquor tax rate on the first sixty thousand barrels produced in a small brewery or brewpub. Makes it lawful to provide a discount for liquor purchases through coupons or mail-in rebates when made in combination with other merchandise. Effective July 1, 2011.

HFIA strongly opposes this bill.

The legislature must stop taxing groceries. It is the most unfair and regressive way to fill the budget deficit.

The beverage industry is already doing more than its fair share to raise money for the State of Hawaii. The bottle bill has cost the industry a significant amount of profit percentage in surcharges and reduced sales. **Please don't pass on the tab for the budget deficit to the food and beverage industry.**

Our state already boasts the second **highest excise tax rate on beer in the country**, with only Alaska coming in higher. In fact, at \$.93 per gallon, Hawaii's bottled beer excise tax rate is **260% higher than the national average** of \$.26 per gallon.

Distilled spirits are among the most heavily taxed consumer products in the United States and are already assessed significant taxes and fees in Hawai'i. For a typical bottle of distilled spirits sold in Hawai'i, 25% of the retail price goes to pay State and local taxes and fees. When factoring in federal taxes and other fees, 51 % of the purchase price of each bottle of distilled spirits goes toward such taxes and fees.

For Wine products this proposed 50% tax increase of \$2 07 per wine gallon will ultimately harm the responsible wine consumers in Hawaii by increasing the price of wine, which is difficult to bear in tough economic times. With this increase, Hawaii's liquor tax on wine will be the third highest in the nation, surpassed only by Alaska at \$2 50 with no additional sales tax and Florida at \$225 with an additional sales tax. **Hawaii wine consumers already pay one of the highest prices in the United States for their wine**, given Hawaii's general excise tax of 4. 17% or 4.712% for Honolulu County and the higher transportation costs to ship wine to Hawaii.

HFIA does not support tax increases, especially increases that will simply increase the costs to consumers at a time when taxpayers cannot afford such increases. **This tax is highly regressive and will impact the poor the most.**

If you pass this measure it will severely damage the retail and beverage industry, **costing the state many jobs**. The loss of these jobs will cost significantly more in the long run than the gains in revenue which this liquor tax increase may generate.

Thank you for the opportunity to provide this testimony.



April 1, 2011

Via Email: Steve.Perry@sws-hawaii.com

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
COMMITTEE ON FINANCE
House of Representatives
State Capitol
415 South King Street
Honolulu, HI 96813

RE: S.B. No. 741, HD 1 Relating to Intoxicating Liquor

Dear Chair Oshiro, Vice Chair Lee, and Committee Members:

On behalf of Southern Wine & Spirits of Hawaii ("Southern"), we respectfully submit the following written testimony in opposition to S.B. No. 741, HD 1, relating to intoxicating liquor, which is to be heard by your Committee on Finance on April 4, 2011. S.B. No. 741 HD 1 would increase the taxes payable on distilled spirits, sparkling wine, still wine, cooler beverages and beer by 20%. While we understand that the State government faces substantial fiscal issues, Southern believes that S.B. No. 741 HD 1 is inappropriate and unworkable.

The tourist industry is a very large part of Hawaii's total economy. Many tourists while visiting will consume alcoholic beverages. Raising the liquor tax by 20% would only make the cost of a vacation even more expensive, and would be counter-productive to stimulate the State's number one economic driver. In light of the recent events in Japan, the tourism industry will most likely be impacted in a negative way. Hawaii's tax rate on liquor is already one of the highest in the country. Hawaii's residents and visitors already are burdened by high taxes on liquor.

Consumption of alcoholic beverages are very elastic and price sensitive, especially in a recessionary economy. Raising the taxes on liquor may result in lower consumption which will lower the amount of taxes paid. Also, consumers may trade down to a lower quality, more affordable product which will generate less dollar volume for wholesalers, retailers, restaurants, hotels and bars which will have an impact on the bottom line and will put jobs at risk. We have 205 employees throughout the State of Hawaii that cannot afford to lose their jobs due to high tax increases.

The State's fiscal issues are shared by all. This bill is targeting a single industry to try to solve the problems by raising taxes that will not do much ultimately to stimulate the economy. It could only hurt the recovery process by putting more strain on business that are already paying a high cost to do business in Hawaii. We respectfully oppose S.B. No. 741 HD 1. Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Perry".

Steve Perry
Vice President Operations



David L. Lewin
General Manager

Hyatt Regency Waikiki Resort & Spa
2424 Kalakaua Avenue
Honolulu, Hawaii 96815 USA

Telephone: 808.237.6100
FAX: 808.237.6114
Email: dlewin@hyatt.com
waikiki.hyatt.com

April 4, 2011

Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House of Representatives
Committee on Finance

RE: Notice of Hearing – April 4, 2011, 3:30pm
Testimony – SB 741, SD1 (Relating to Intoxicating Liquor)

Dear Representative Oshiro and Representative Lee:

I am strongly opposed to the passage of SB 741 which increases liquor tax rates. As the General Manager of a major hotel in Waikiki (employing over 700 associates), the net result of this bill will be the layoffs of several of my bartenders and waithelp.

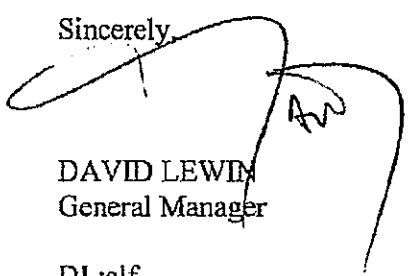
With the extraordinarily high wages and benefits our employees receive, our drink prices are already the highest in the market. Increasing the liquor tax will force us to raise our prices and will drive our current customers to other less costly establishments.

I speak from experience and the fact that we have had to close several of our bars and restaurants in the past because high labor costs forced our prices higher which decimated our customer base. At the Hyatt Regency Waikiki the following restaurants and bars were closed for the aforementioned reason: Trappers, Spats Night Club, Harry's Bar & Grill, Texas Rock and Roll Sushi Bar and Musashi. These outlets once employed over 150 bartenders, servers, cooks and support staff.

The passage of this bill would result in further loss of life sustaining jobs not only in our hotel but across the entire hospitality industry.

Balancing the State's Budget is everyone's responsibility. These "targeted" tax measures are not the answer. All Hawaii citizens need to share the burden.

Sincerely,



DAVID LEWIN
General Manager

DL:alf

Roy's Restaurants
6600 Kalaniana'ole Highway
Honolulu, HI 96825

April 3, 2011

**TESTIMONY IN OPPOSITION TO SB741 SD1 HD1:
RELATING TO INTOXICATING LIQUOR**

Aloha Chairman Marcus Oshiro, Vice Chair, Marilyn Lee and Members of the House Finance Committee:

Thank you for giving me the opportunity to testify before in opposition of SD741 SD1 HD: Relating to Intoxication Liquor. My name is Roy Yamaguchi and I have been a professional chef and restaurant owner for over 22 years. I am here to express my concern regarding this bill that increases taxation on alcohol which will severely hurt the restaurant and hospitality industries.

We are at a time where our tourism industry, the backbone of our State's economy, is already strained. And, with the recent tsunami and tragedy in Japan, we are bracing for even tougher times. I am sure that you are aware that our friends from Japan are undergoing severe turmoil and have been cancelling their visits to Hawaii. This means less visitors and less spending during a time when we have all been sharpening our pencils to balance our books and manage labor to stay afloat.

The taxation you are proposing will further decrease visitor spending. Now more than ever, our visitors are not spending like they were before and are watching their pocketbooks - finding ways to save money and spend less while they are here.

I am here to tell you that this tax will have severe effects on our industry and will drive many of us out of business. All restaurants, especially smaller ones, stay afloat on razor-thin profit margins, and this taxation on alcohol will be passed on to the consumer. With the tax, a \$10 drink today becomes a \$13 or \$14 drink - and that's really expensive for many of guests. With prices that high, our patrons will either take their business elsewhere or stay in their rooms with take out from the nearest fast food or convenience stores.

This tax will have a trickle-down effect and as we lose business. We will have to shave our labor costs, either having to terminate employees or cut hours, driving unemployment and decreasing tax revenues.

This tax will hurt our working people, it will hurt Hawaii's tourism and it will hurt our local economy. Plain and simple, it will hurt Hawaii.

Thank you again for the opportunity to share my concerns with you regarding SB741 SD1 HD1.

Sincerely,

Roy Yamaguchi, Owner and Founder



Big Island Brewhaus

April 4, 2011

Re: SB 741 , Support

Aloha Ladies and Gentlemen of the Committee:

I apologize for not being present personally at the hearing. Our newly opened small business requires my presence. As a strong supporter of this and similar measures, I would like to be present but our young business needs our attention.

I am writing you in strong support of SB 741 but with some very necessary Amendments; including Clarification on which beer qualifies, removal of the couponing or discounting portion, and the amount of tax being sought on the increase.

Firstly, we need to clarify that the small brewers tax provision covers **ONLY THE AMOUNT OF BEER BREWED IN HAWAII**. I propose amending the wording to be as follows (with changes in **Bold**):

"§244D- Small breweries and brewpubs; tax. Every small brewery or brewpub that brews or produces beer in the State shall pay a gallonage tax of \$0.23 per gallon of beer on the first sixty thousand barrels of beer brewed or produced in the State during the taxable year. Beer produced after the first sixty thousand barrels during a taxable year shall be taxed under section 244D-4(a)."

This is to clarify that only beer wholly brewed in Hawaii qualifies for the provision and mainland companies like Kona Brewing and others are not given a small producer benefit on the portions brewed in the mainland.

Secondly, we believe that the discounting and coupon portion of the bill should be removed completely. In short, this bill gives unfair competitive advantage to large out-of-state businesses, in this case large breweries (Bud Miller Coors etc.), the capability to discount alcohol and encourage consumption of cheap, low quality alcohol and further price true hawaiian products out of the market. The passage of this bill puts the jobs of at least 200 constituents at risk. If we cannot compete fairly, we cannot sustain business in Hawaii.

The large breweries seeking the coupon allowance operate on costs of production that are less than half of the costs of local brewers. By discounting and thereby incentivizing consumers to drink more of lower quality products (most likely with discounts on junk food) we further put the health of both our people AND our economy at risk.

Here are a few other things to consider regarding Couponing:

- A majority of states already prohibit some form of manufacturer coupons or rebates for alcohol beverages, especially instant redeemable coupons (IRC) and scanbacks (which are discount payments to retailers based on the sales data from their scanners). That's because the cost of coupons is paid by suppliers and, thus, effectively becomes a direct payment to retailers that bypasses the middle tier. As such, coupons circumvent the intent and spirit of the regulatory framework and rationale underlying the three-tier system just as slotting fees do.
- IRC's are prone to fraud and abuse. Even though the vast majority of industry members operate in completely lawful ways, it is difficult to account for coupon transactions in such a way as to

Big Island Brewhaus

64-1066 Mamalahoa Hwy. Kamuela, HI, 96743

guarantee that every coupon is redeemed by a consumer for the purchase of the brand/product being discounted. Too often, substantial numbers of coupons are redeemed for cash without any actual savings being passed on to consumers. In those instances, the effective result is an inappropriate cash payment by manufacturers to retailers.

- Coupons can be discriminatory, favoring some retailers over others unless great care is taken to ensure that all retailers have access to them. Scanbacks, which are less prone to fraud, also violate the principle of retailers being treated without advantage. Many smaller retailers don't have scanning equipment, so scanbacks often work to the advantages of larger or more sophisticated retailers.
- Coupons and scanbacks are not needed to ensure that consumers receive the advantages of price competition. The alcohol industry is legally permitted to discount its products via non-discriminatory price promotions or price discounts to all retailers. This is the proper way that alcohol manufacturers and wholesalers can and do comply with the legal intent of trade practice regulations, while at the same time competing with one another to give consumers the best possible price/value combination.

We truly "Local" brewers, brewers that brew 100% of our product in Hawaii with local labor, myself at Big Island Brewhaus, and our bretheren at Hawaii Nui Brewing Co. in Hilo, Waimea Brewing on Kauai, and Maui Brewing Co. stand united on this cause. The passage of this provision will create unfair competitive advantage and encourage consumption of cheap, low quality alcohol and food. Does Hawaii really want to become a State that encourages low quality and puts down high quality products made with local labor? Why put our kama'aina out of work and on unemployment? That's what couponing will do! If the big breweries can discount with coupons, we feel they can pay a higher tax. That's why we support the passage of the intent of HB840 regarding the creation of a small brewers tax provision and eliminating the coupon provision. It's good for local business, its good for local labor, and it makes for a strong Hawaii.

Since 1997 when I started Fish & Game Brewing Co. I did so with the vision of producing the highest quality ales and lagers available in the State, and doing so with a strong commitment to always brewing in Hawaii. At that time most so-called "Hawaiian" beers were being brewed in the mainland and shipped to Hawaii; it was my goal to bring truth and authenticity to Hawaiian Beer. We have stayed true to our vision and have brought attention to craft beer in Hawaii for the first time in history. It has become increasingly difficult to grow and remain competitive with the extremely high cost of production in Hawaii relative to our mainland counterparts, this compiled with the highest taxes in the Nation results in a disincentive to manufacturing in the State and a complete lack of competitive capability. One look at the store shelves will show you that our true Hawaiian beers are the most expensive beers on the shelf. Unfortunately this keeps them out of the reach of the average Hawaiian family. This is a sad state of affairs. We operate on margins that are less than half of those by the large MNCs seeking the coupon bill passage. They can absorb these discounts, in my opinion they can absorb a tax increase if they can afford to discount. Lets create jobs and a strong Hawaii by supporting bills that create a small brewers tax provision contained within HB840 and remove the portions allowing allowing couponing hurting local manufacturing.

Maui Brewing Co. has become Hawaii's largest brewery in the past year, we are also the only brewery canning our beer in the State. They purchase their cans from a local Ball Corporation plant in Kapolei further supporting local labor. Bottles are not made in Hawaii and we, as do many others, believe the can is better for beer. One reason for our growth is we have begun to sell our beer in the mainland and in international markets. They are often asked why their beers sell for the same price, and in some instances cheaper, on the west coast than in Hawaii, as exported beer should be more expensive. Sadly, the state taxation in Hawaii is so high that they can ship beer AND pay taxes to the Western States for less than just the tax in Hawaii. For example, CA is approx \$.45 per case versus Hawaii at \$2.09 per case. This disincentive to local sales has encouraged an outward migration of jobs, taxes, and manufacturing. We want to be encouraged to sell our products in Hawaii, and the support of our government officials with a decrease in tax for in-state produced product is the only way. We are not asking to pay the lowest tax, but a tax rate competitive to other States. It is time to create a small brewers tax provision that will allow us to bring back and create more jobs through growth. We believe in a strong Hawaii, this starts with small businesses which are the backbone of any strong community.

Big Island Brewhaus has 13 employees in the State. These employees live in Hawaii, raise their children here, pay taxes, and contribute to the community. In speaking with others in our local industry, we

Big Island Brewhaus
64-1066 Mamalahoa Hwy. Kamuela, HI, 96743

collectively agree that the small brewers tax provision we are seeking would be utilized by us all to invest in new equipment and people in order to continue growing our companies locally. This would serve to bring local jobs to market and help get workers looking for jobs off unemployment and government assistance. Our growth would allow us to actually pay more in taxes as a result of increasing sales.

For our fiercely local company we believe in the true origins of Hawaiian products and are vehemently against those masquerading as Hawaiian without being made locally. Our beer will always be authentic and truly brewed in Hawaii. This is the foundation for getting Hawaii back on track; build a strong foundation of local businesses providing jobs to the community and tax revenues to the State. Do NOT give unfair advantage to the peddlers of commodity beer that serve to only contribute to the consumption of low quality alcohol and food.

The small brewers tax provision proposed within SB 741 helps put Hawaii on a solid foundation and on track to a healthy and prosperous future. The couponing provision allows for unfair competitive advantage by mainland breweries and presents a negative environment for local manufacturing. Simply put, voting for HB840 with the above-mentioned amendments, means voting FOR a STRONG HAWAII.

Thank your for your time, please feel free to call me with any questions.

Mahalo,

Thomas D. Kerns

Thomas D. Kerns
808-276-3301
BigIslandBrewhaus@yahoo.com

Big Island Brewhaus
64-1066 Mamalahoa Hwy. Kamuela, HI, 96743



KOLANI DISTILLERS

April 3, 2011

Honorable Rep. Oshiro & Rep. Lee

Chairs of the Committee on Finance

Hawaii State Capitol
415 South Beretania Street, Room 308
Honolulu, HI 96813

Re: SB741 Public Hearing Testimony - OPPOSE

Dear Rep Oshiro and Rep Lee:

My name is Paul Case and I am one of the owners of Kolani Distillers, LLC located in Paia, Maui.

I was recently made aware of the existence of SB741 modifications this past Friday. I am unfortunately unable to attend in person on such short notice and give my testimony in person. The bill as currently marked up seems to be very narrowly crafted and will benefit only a small subset of those of us in the Hawaii liquor manufacturing industry. I would like to bring the following points to your attention:

1. We are opposed to increases in the Hawaii Liquor Tax as it will very likely negatively impact the forward sales of our products. As a small business in a new industry within our state, we are trying to grow our business and create additional jobs in Hawaii.
2. The bill as currently drafted clearly gives preferential treatment to beer manufacturers and dramatically decreases their liquor taxes over current rates. Distilled spirits manufacturers and wineries conversely suffer a dramatic increase in tax. This bill is plainly unfair to distilleries and wineries, offering competitive advantage to one segment of this market.

We oppose this measure in general and hope that you will not move the liquor tax increase bill forward. However, in the event that you do decide to move the bill forward, we believe all liquor tax payers in the state should be treated equally and either our taxes decreased uniformly or increased uniformly. Thank you very much for considering my testimony.

Respectfully submitted,

Paul Case
LLC Member/Manager



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Carol Reimann
Executive Director
Maui Hotel & Lodging Association
on
SB741
RELATING TO INTOXICATING LIQUOR

COMMITTEE ON FINANCE

Monday, 04-04-11, 3:30pm

Conference room 308

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes approximately 120 property and allied business members – all of whom have an interest in the visitor industry. The visitor industry is the largest employer of residents in Maui County.

MHLA opposes SB741 which will increase liquor taxes.

We are concerned because these additional fees will be passed along to the consumer, to our residents and visitors. At a time when unemployment still remains high and the economy has not yet stabilized, imposing additional taxes will only add to the cost of living and vacationing in Hawaii.

The visitor industry is the economic engine; and we continue to struggle despite headlines that hype increased visitor arrivals. We've had to offer deep discounting to lure visitors to Maui. Therefore, our revenues are down, while expenses (such as labor, energy, food and taxes) continue to increase. The result is little to no profit, for some it's a negative. That's why we've seen 3 major hotels in foreclosure on Maui since last year. In addition, we have still not re-hired all of the employees who were laid off since 2008.

The notion that we are healthy and stable is simply not true. We encourage you to support legislation that encourages a healthy industry; and not impose additional taxes that will deter visitors and impede our recovery.

We urge you to oppose SB741.

Thank you for the opportunity to testify.



WINE INSTITUTE

KATIE JACOY
WESTERN COUNSEL

TO: House Committee on Finance
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice- Chair

DATE: April 4, 2011, 3:30pm
Conference Room 308

RE: Opposition to SB741
RELATING TO INTOXICATING LIQUOR

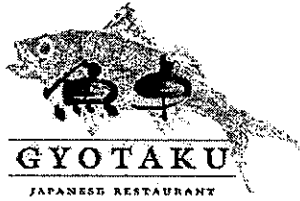
Wine Institute ("WI") is a public policy association representing 923 California wineries. WI opposes SB741 because it proposes to increase the liquor tax on all categories of alcoholic beverages, including wine, by 50%. This proposed 50% tax increase to \$2.07 per wine gallon will ultimately harm the responsible wine consumers in Hawaii by increasing the price of wine, which is difficult to bear in tough economic times. In this economy, none of the tiers - winery, distributor, or retailer/restaurant - are in the position to absorb any additional costs, so any increased tax will be passed onto the consumer. Since liquor taxes are marked up by the distributors and retailers as the wines move through the three-tier system, they usually double by the time they reach the consumer.

The justification for this excessive tax burden is the *possibility* that the higher tax passed onto consumers in higher alcohol prices will lower consumption by those abusing alcohol. It doesn't make sense to punish the vast majority of wine consumers on a chance that it will help abusers.

With this increase, Hawaii's liquor tax on wine will be the third highest in the nation, surpassed only by Alaska at \$2.50 with no additional sales tax and Florida at \$2.25 with an additional sales tax. Hawaii wine consumers already pay one of the highest prices in the United States for their wine, given Hawaii's general excise tax of 4.17% or 4.712% for Honolulu County and the higher transportation costs to ship wine to Hawaii.

After years of double-digit declines, Hawaii's tourism industry is finally recovering. After similar declines, on-premise sales of wine are beginning to increase as well. Tourism accounts for one-quarter of Hawaii's GDP and one-third of its jobs. Restaurants, hotels, and wine retailers can't afford a tax increase that will hamper this much needed recovery.

Page 1 of 2



Saturday, April 2 2011

COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
Members of the House Finance Committee

Testimony in OPPOSITION to SB 741 to increase the tax on alcoholic beverages.

I am writing you today to let you know that I strongly oppose any tax increase on alcohol beverages. As a restaurant owner I am already struggling everyday to keep my business in the black. Times have been especially tough in recent years, as the downturn in the economy has resulted in a rise in my operating costs and a reduction in spending from many patrons.

The restaurant and hospitality industry is the third largest industry in Hawaii helping to provide jobs to thousands of families throughout the islands. We are also the largest employers of low and middle income workers and are currently struggling with higher health care costs, unemployment insurance premiums and rising utility costs. This tax is likely to force our company to reduce employee scheduled hours, possibly worse.

The government already makes more money off alcohol beverages than we do in profit. At a time where many of us are barely squeaking by, please do not make it harder for us to stay in business. Please vote NO on any increase in alcohol beverage taxes.

We need helpful not hurtful legislation right now. I respectfully urge your committee to not pass SB 741 and look for fair and effective methods of increasing revenues and reducing costs.

Sincerely,

Thomas H Jones
President & CO-Owner
Gyotaku Japanese Restaurants



April 4, 2011

To whom it may concern:

Thank you for hearing my testimony on S.B 741 S.D.1 H.D. 1 which proposes to increase the various liquor tax rates. In my opinion, S.B 741 S.D.1 H.D. 1 should not be passed.

We are living in a time when we are seeing a lot of independent small businesses disappearing. It has been very difficult for many to continue running their businesses since the stock market crash of a few years ago, and some are just starting to make the climb back to normalcy. This bill which proposes to raise taxes on alcohol will make it even harder for Hawaii's small businesses to survive.

No matter which angle you take, increasing taxes on goods results in higher costs to the consumers and lower profit margins to the businesses. Both of these take money out of the pockets of the people and reduce their spending power. They destabilize our local economy and lead to unemployment, homelessness, and increased social problems in our state.

If restaurant businesses slow to the point of closing, we lose not only the means of financial support for our employees, but also the very colorful part of Hawaii -- the neighborhoods. I am speaking not only for myself as a local independent restaurateur but for all the small local restaurants in our communities that really provide for our locals and attract visitors to our state to "Taste Hawaii".

Raising prices, cutting back on service, closing restaurants, and losing jobs -- I don't believe this is the way to go. I believe we need to work together, and I believe we need to fix a lot of problems. Tourism and the hospitality/restaurant industry supports Hawaii so much in so many different ways that I think it is dangerous to enforce this tax increase at this time.

Raising the alcohol tax will affect the bottom line for businesses in the food industry and all of the people of Hawaii employed by those businesses, and it will adversely impact the hospitality industry that attracts the visitors to our state and generates the greatest support for our local economy.

Thank you for hearing my testimony on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Wong", written over a white background.

Alan Wong
Chef/Owner

1857 S. King Street
Honolulu, HI 96826
P: 808.949.1939
F: 808.951.9520
www.alanwongs.com

Chair Oshiro, Vice Chair Lee and Members of the Finance Committee,

This letter is to submit my testimony in opposition to bill SB741, SD1(SSCR 523) increasing liquor tax rates. The answer to our financial problems in this state is not to just tax targeted industries, especially the industry that supports the state through its contributions more than any other industry. Murphy's, along with many other restaurants, are currently involved in three different fundraisers to help Japan in their time of need, our support would not be available without the aid of the liquor industry.

Over the past 24 years we have raised over two million dollars to go towards various charities in our state and this would not have been possible without the support of the liquor industry. This tax will greatly affect the liquor wholesalers ability to support my, as well as many others, efforts to support our community. There will come a time when they will have to say 'sorry, we can't help out on this, budget is too tight.' This tax will also cause a loss of jobs, which will not be the upper tiered, but the working class, drivers, stock personnel, etc. we have already seen this due to the current economy. This tax increase will only compound this. I urge you to not support this bill.

Thank you,
Don Murphy
Owner Murphy's Bar and Grill.

Testimony to COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

NOTICE OF HEARING

DATE: Monday, April 04, 2011

TIME:3:30 P.M.

PLACE: Conference Room 308State Capitol415 South Beretania Street

RE: Opposition to SB741, SD1(SSCR 523) Relating to increasing liquor tax rates

Rep. Marcus R. Oshiro, Chair, Rep. Marilyn B. Lee, Vice Chair and members of the Committee on Finance:

My name is Jerry Gibson and I am the area vice president, Hawaii region, for Hilton Worldwide. I am testifying on behalf of the thousands of team members employed at our Hilton family properties across the state.

You are well aware of the difficulties that the visitor industry has faced during the economic downturn that started in 2008. We are still trying to recover. It will take several more years until we can achieve the average rates that we had back in 2005. The tragedy last month in Japan has set us back even further.

Because of the impact that the visitor industry has to the state of Hawaii, our losses in revenue have become losses to the entire state, through loss of tax revenue, loss of jobs, loss of demand for goods and services and the list goes on and on.

We are already charging our guests higher TAT taxes and we know that these taxes will increase.

Our guests are complaining that the prices in our restaurants are extremely high. They complain about the high costs of groceries and packaged goods at our sundry shops. An increase in the liquor tax would only serve to reduce the amount consumed and purchased by our visitors thus further hurting our employees as well as our ability to maintain full employment. In addition, a reduction in purchases would actually REDUCE the amount of tax revenue that the state receives.

Our visitors do not have to come to Hawaii. There are many other attractive (and less costly) vacation destinations. We should do everything we can to encourage them to come rather than continuing to find ways to discourage them.

We urge you to hold on SB741, SD1 until which time our economy has recovered and our visitor industry is healthy enough to withstand such an increase.

Sincerely,
Jerry Gibson

Area Vice President – Hawaii
Hilton Worldwide

April 2, 2011

Via Fax 586-6001 (Oahu)

COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair
House of Representatives
State Capitol
415 South King Street
Honolulu, Hawaii 96813

Re: S.B. 741 Relating to Liquor

Dear Chair Oshiro, Vice Chair Lee, and Committee Members:

The Hawaii Liquor Wholesalers Association ("HLWA") respectfully submits the following written testimony in opposition to S.B. No. 741 HD1 relating to the liquor tax increase, which is scheduled for hearing by your Committee on Monday, April 4, 2011. Part I of the bill would increase the taxes payable on distilled spirits, sparkling wine, still wine, cooler beverages and beer. While we understand that the State government faces substantial fiscal issues, HLWA believes that Part I of the bill, which would increase liquor tax rates, is inappropriate and unworkable for several reasons.

First, Hawaii's tax rates on liquor already are among the highest in the country. Hawaii's businesses and residents already are burdened by high costs of living and doing business. Further increasing taxes would result in cuts in employment and job losses.

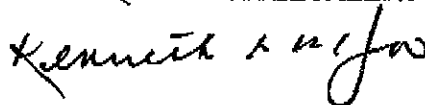
Second, particularly in a recessionary economy, consumption of alcoholic beverages is likely to be highly elastic or sensitive to changes in prices. Thus, increasing the taxes on liquor will result in decreases in consumption that offset any projected increases in tax revenue and not offset any resulting job losses.

Third, a significant portion of alcoholic beverages are consumed by visitors. While businesses in the tourist industry were forced to lower rates to attract visitors during this economic recession, adding an increase in the liquor tax would only make the cost of a vacation even more expensive, and is counter-productive to attempts to stimulate the State's number one economic driver.

For the foregoing reasons, we respectfully oppose Part I of the bill. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION



To: Chair Representative Oshiro, Vice-Chair Representative Lee, and all Hawaii
Sate Representatives
From: Amy Bender, Kai Vodka LLC
Re: Opposition to SB 741, Proposed HD 1 for a Liquor Tax Increase
Date: April 3, 2011

To the House Representatives of the State of Hawaii,

Kai Vodka LLC is a small local company with four employees and numerous contracted local workers. Our products are sold in Hawaii and abroad, both nationally and internationally. However, it is by sheer tenacity that a company of our size has made it this far. The company just survives, and we not only *feel*, but also *know* that increasing the alcohol tax by 20% would be devastating to the survival of our local company.

In the event that a tax increase occurs, sales will be negatively impacted, and local business will inevitably close, meaning job loss for our employees.

We also fear for our sensitive and critical visitor industry. A large part of the tourism industry revolves around food and beverage. The prices here are already some of the highest in the nation for travelers – an increase in tax on alcohol will likely tip the scale and cause our potential visitors to opt for more reasonable alternatives to Hawaii.

It is not beneficial to target this specific industry, which has such large fingerprint on the health of Hawaii's visitor industry and local employment (suppliers, wholesalers, retail stores, resorts and hotels, restaurants, bars, concert venues, etc.) to help remedy budget shortfalls. We ask you: please, please do not kill the goose that laid the golden egg. Please help Kai Vodka LLC and similar local companies remain competitors in the market by allowing us to sell our product and services to consumers without the increased tax burden.

Mahalo,

Amy Bender
Kai Vodka LLC
1240 Ala Moana Blvd. Ste. 315
Honolulu, HI 96814



CROWN IMPORTS LLC
1 S. Dearborn St., Suite 1700, Chicago, IL 60603

Phone: (312) 873-9600
Fax: (312) 873-9630

April 3, 2011

The Honorable Marcus R. Oshiro
Hawaii State Capitol, Room 306
415 S. Beretania Street
Honolulu, HI 96813

Dear Representative Oshiro:

I am writing to you and members of the Committee on Finance today on behalf of Crown Imports, the 3rd largest beer company in the USA, and the importer of Corona Extra, Corona Light, other fine beers from the Grupo Modelo Brewery (Mexico), Tsingtao from China and St. Pauli Girl from Germany. Crown is the importer of record for these brands for the entire USA, including the great state of Hawaii. Our portfolio of brands enjoys great acceptance in the state of Hawaii. We have a proud tradition of marketing and selling our brands in to consumers of legal drinking age in a socially responsible manner.

Today we are very concerned about potential legislation that is being considered that we believe will adversely impact the economic vitality of the great state of Hawaii and our consumers. I am referring to provisions contained within **SB741, SD1 (SSCR523)**. Specifically:

- 1) **Alcohol Tax Increase** – we believe the implementation of any tax increase at this time will be detrimental to the state’s economic recovery and unfair to consumers as a result of what is certain to be higher prices for these products at retail. In addition, this type of legislative action is certain to cost the hospitality industry job losses. Simply stated, consumers cannot afford increased costs through higher taxes, and we should not risk any further job loss.
- 2) **Use of Coupons with the Purchase of Alcoholic Beverages** –Crown does not believe this change is necessary and not in the best interest of our industry, retailers throughout the state of Hawaii, or consumers. The expanded use of coupons/rebates is in direct conflict of other parts of this legislation. It is counterproductive to consider a tax increase and then, at the same time propose expanded use of coupons/rebates to attempt to (indirectly) achieve reduced prices on alcoholic beverage products. We believe this action would only serve to adversely impact retailers, and consumers, by providing reduced value to shoppers. Crown supports the current manner in which coupons/rebates can be utilized (coupons/rebates can only be used on grocery items other than alcoholic beverages).

In closing, I would like to reaffirm our position that Crown Imports believes **SB741, SDI**
(SSCR523) is not in the best interest of the state of Hawaii for the reasons stated. We would
respectively request that you oppose passage of this particular legislation.

Thank you for your consideration of our position. If we can provide you, your staff, or
colleagues any further information please do not hesitate to contact me.

Respectfully,

CROWN IMPORTS LLC



James P. Ryan
Executive Vice President, Corporate Affairs

JPR/kmt

cc:

TESTIMONY OF MICHAEL JOKOVICH, GENERAL MANAGER,
HYATT REGENCY MAUI RESORT AND SPA,
ON SB741 SD1 RELATING TO INTOXICATING LIQUOR
HEARING: MONDAY, APRIL 4, 2011 AT 3:30 PM

Good afternoon Chairman Oshiro and members of the House Committee on Finance

As the general manager of a major resort hotel on Maui, I wish to express strong opposition to SB741 SD1 which will increase the tax on liquor.

We already hear comments from our guests that the drink prices in our restaurants and lounges are too high but, as we continue the struggle to return to profitability in these uncertain economic times, we would have no alternative but to pass this increase on to our customers. This can only strengthen the perception already held by many in the travel industry that Hawaii is too expensive and they should look elsewhere for more affordable vacation and meeting destinations.

I firmly believe that any additional revenue this tax increase might bring to the State will only be offset by a decrease in revenue due to this lost business, thus doing little to benefit the State's economy while severely hurting the working men and women whose livelihood depends on the hospitality industry.

Please show your support for the visitor industry, which is one of Hawaii's major revenue producers, by voting No on SB741

Thank you for your consideration.

Michael Jokovich
General Manager
Hyatt Regency Maui Resort and Spa
200 Nohea Kai Drive
Lahaina, Maui, HI 96761

808-667-4400
michael.jokovich@hyatt.com

SB741

April 4, 2011

Dear Representatives:

I STRONGLY oppose the increase of the taxes on alcohol. Many of Hawaii's business; Grocery stores, hotels, mom & pop stores, Hotels, and so forth, including the wholesalers and suppliers to the islands.. We are just now starting to get above the water from the recessionary hole... and still trying to stay afloat. This tax would have a huge negative impact for all those listed above as well as for the local consumer and our visitors to the islands. The decline in business, due to higher taxes will cause businesses to downsize their staff, which means LOSS of jobs to our islands.

While I agree we need to do something about the deficit... this is not the way to approach the islands need to take this time... The deficit issue is important to all that reside here in Hawaii, but I feel that this tax is not the way to solve this issue. If this happens, again.... it will cause a HUGE burden to local, small business as well as those that support the tourist industry , all of whom help stimulate our economy.

Thank you for your time... and I appreciate your consideration to not raise the taxes on Alcohol

Sincerely

Kim Johnston- employee of Better Brands.

Representative Marcus R. Oshiro
House District 38 Hawaii State Capitol, Room 306
Honolulu, HI 96813

April 4, 2011

Dear Representative Oshiro,

As the General Manager of the Waikiki EDITION, I have several concerns regarding SB 741 and respectfully request your opposition to the bill. The bill proposes a tax increase on liquor and if passed, will have a detrimental effect on our hotel and Hawaii's hospitality industry as a whole.

Hawaii's economy is driven by tourism and while it's shown promising improvement in recent quarters, we are still nowhere near the levels we were at decade ago. Business is difficult and we've already had to decrease employee hours during the past several months. A tax increase of this magnitude will impede our industry's recovery and has several adverse affects on our hotel:

- Potential loss of revenues. Alcohol sales account for almost 50% of our total revenue. Higher drink prices will undoubtedly lower consumption and hurt our bottom line.
- Potential job loss. Most importantly, a decline in consumption and business activity will ultimately lead to loss of jobs. The hospitality industry has already lost thousands of jobs during the recent economic downturn and the tax increase will only worsen our state's unemployment levels.

Alcohol taxes in Hawaii are already among the highest in the nation and this bill will send us to the top of the list. Targeted tax measures are not the answer to Hawaii's recovery. Practical funding should be fair and broad based and should not single out one product or industry. Balancing the state's budget is everyone's responsibility.

Thank you for considering my views on this matter.

Sincerely,

Michael Rock
General Manager
The Waikiki EDITION

SB741

David Stoesser

2058 Hill crest St.

Honolulu, Hi. 96817

April 4, 2011

Dear Representative,

I strongly oppose the proposed increase in the taxes on alcohol. With the bad economy that everyone's experiencing throughout the state and the cost of living being at its highest rate in years, it would hurt everyone with an additional alcohol tax increase. Companies, vendors, restaurants, and hotels would be forced to downsize their employees to offset the higher alcohol tax, which in return would cause extensive layoff and added unemployment which is high already. The state of Hawaii just can't afford it now. We are talking not only the beer and liquor distribution companies but also any company or vendor for these companies restaurants, hotels, little mom and pop stores and also chain stores like Costco, Safeway, Times, and Foodland which is a Hawaii market. If there is no one in these restaurants to serve our visitors or even worse no restaurants for our visitors to dine in, why should they come to Hawaii and spend their money here? It would only add to the ongoing problems that we as a state are currently experiencing.

This increase will be detrimental to the rebuilding of our economy after the past few years of decline on just what happened to Japan. At a point in time at which we are finally climbing back out of financial deficit, an increase in tax would only push us down and cause greater loss in tourism, jobs and the financial stability of our state. **Hawaii need support rather than strain.** Perhaps we can look at avenues to support healthy living and lifestyle without financial penalty; positive reinforcement is a superior and more effective way to promote healthy lifestyles and choices and as a society we should drive to be more productive and successful in a positive manner. Please put a lot of thought and consideration when making your decision.

Sincerely,

David Stoesser

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 1:20 PM
To: FINTestimony
Cc: cooper808@hawaii.rr.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Beth L Anderson
Organization: Individual
Address:
Phone:
E-mail: cooper808@hawaii.rr.com
Submitted on: 4/2/2011

Comments:

Hawaii ALREADY is one of the HIGHEST LIQUOR TAXED STATES in the nation - increasing it now in this economy is ludicrous! I work for the only winery in Maui. Tedeschi Vineyards Ltd. continues to work hard to be a value to the State economy by producing on island, using local agriculture ingredients whenever possible and hiring and training Maui employees in a unique industry. We are a strong supporter of agriculture and of our local communities.

This bill will adversely affect our company and our ability to expand, increase production and hire new employees - seriously, do you not realize how much we pay in alcohol tax already?!!!

I worked in the pineapple industry for 15 years until my job was eliminated due to downsizing. I am proud to continue to be a part of the agricultural community and the team at Maui's Winery in Ulupalakua. Please don't risk my job and a successful agriculture company by taxing us out of business.

Please support our local agriculture community as well as the hospitality/tourist industry; and DO THE RIGHT THING by NOT ALLOWING THIS BILL to pass.

Increased taxes - no matter what amount - will negatively impact sales and could affect the thousands of jobs that are directly and indirectly provided by the hospitality industry in Hawaii.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 9:32 AM
fo: FINTestimony
Cc: tony.campus@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Tony Campus
Organization:
Address:
Phone:
E-mail: tony.campus@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

I ask that you please reconsider adding any and all taxes to alcohol. These taxes will have an impact on tourism and also reduce jobs in which will reduce revenues for the State. This could not have come at a worse time. Fuel surcharge increases, Japan's disaster and as you all know each and every person in the State has less income due to inflation. Please again vote no on this alcohol tax!!!

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 9:07 AM
To: FINTestimony
Cc: ami.sueyoshi@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Ami Cantere
Organization: Individual
Address:
Phone:
E-mail: ami.sueyoshi@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

This tax is going to be bad all the way around for the economy. Hospitality and Service industries will decline. Jobs will be cut. Hawaii is already rated the second most expensive tourist destination. With the recent tragedy in Japan, we are already losing billions. We need to put our focus on bringing in tourists and not discouraging them.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 9:17 AM
To: FINTestimony
Cc: peter.long@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Jim Long
Organization: Anheuser-Busch Sales of Hawaii
Address:
Phone:
E-mail: peter.long@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

As a sales rep for Anheuser-Busch, I oppose any increase of the Hawaii alcohol tax because I think it unfairly targets working families. Most of my clients are small business owners who work very hard every day to make their businesses work. They operate on razor thin margins in order to compete with larger 'big box' businesses. More taxes will be passed on to the consumer who will likely be inclined to shop at stores that can absorb the proposed tax increase, forcing the smaller mom and pops store to go under.

Higher taxes in a down economy hurt working families! Please vote this legislation down down!

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 9:02 AM
To: FINTestimony
Cc: ssakai555@msn.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Shane Sakai
Organization: Individual
Address:
Phone:
E-mail: ssakai555@msn.com
Submitted on: 4/4/2011

Comments:

Raising liquor taxes will negatively affect our tourism and hospitality industry which is very important to our economy in Hawaii.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 9:04 AM
To: FINTestimony
Cc: grace.leung@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Grace Leung
Organization: Individual
Address:
Phone:
E-mail: grace.leung@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

Hearing about the potential increase of a 50 percent tax to alcohol has really upset and concerned me and my family. I am an employee in the beer distribution industry and will be adversely affected by such an increase or any increase of alcohol tax. Every day I go to work to insure that the people of the community have the products in the stores that they desire. Some people may look at alcohol as a luxury to purchase and therefore taxing it would not have a negative effect on anyone. This is incorrect! If taxing alcohol decreased the request for it my job would be eliminated. I would be affected and my family would suffer. Not just my job would be lost, but the jobs of many delivery drivers and suppliers would no longer be needed. We would all be affected and suffer. I ask that all aspects of how this tax will affect the people of Hawaii be thought out to make the right decision. This is not the solution for many people, like me who would be directly affected and could lose their job due to the increase of alcohol tax. Thank you for considering all the people of Hawaii, including me the beer distributor whose family depends on for their livelihood.

Sincerely

Grace

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 9:01 AM
To: FINTestimony
Cc: jbalanderson@southernwine.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Joellen Bal-Anderson
Organization:
Address:
Phone:
E-mail: jbalanderson@southernwine.com
Submitted on: 4/4/2011

Comments:

My career in Hawaii's Hospitality Industry has a span of nearly forty years. I was born and raised on the island of Maui and have always made a living in the Food & Beverage Industry. Starting as a server in small family owned restaurants, I worked my way up the slow but steady ladder to managerial positions and finally Director of Food & Beverage overseeing multiple food venues in both public & private golf resorts. In 2009, as part of a company-wide reorganization, my position as F&B Director was eliminated. Along with many 'awaiians & Americans my only option at that time was filing for unemployment. UE cautioned that because of my age I might have to seek employment in a different line-of-work. Six weeks later I was offered a position at Southern Wine & Spirits Hawaii and have been with the Company since 9/09. The skills that I have utilized through my life in business are just as valuable today as they are when I began. I do fear that this increase in alcohol tax will once again jeopardize the jobs of many; not only in the Company that employs me but in the Hospitality Industry as a whole. Please choose wisely; your decision to increase Hawaii's liquor tax will affect the livelihood of many many residents in the State. Mahalo for your consideration.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 7:22 AM
To: FINTestimony
Cc: kim@minitstop.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Kim A. Robello
Organization: Minit Stop
Address:
Phone:
E-mail: kim@minitstop.com
Submitted on: 4/4/2011

Comments:

We oppose SB741 because of it's simplicity and implication that sin taxes never hurt anyone because people will continue to part take in the product or services taxed understanding it will simply cost more. In a economy like we have today this thinking is flawed as the discretionary income that is used for the products taxed gets smaller and smaller everyday because the basic necessities in life continue to get more expensive. Our beer, wine, and sprits manufacturing and distribution industry along with the retail entities and food establishments who sell these products will see a disproportinal amount of their sales lost because of this extreme rise in beer, wine, and sprits, tazes. Let's spread the tax burden rather then target taxation because history and precedence says we can. Mahalo.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 7:03 AM
fo: FINTestimony
Cc: robert.jordano@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: comments only
Testifier will be present: No
Submitted by: Robert Jordano
Organization: Individual
Address:
Phone:
E-mail: robert.jordano@anheuser-busch.com Submitted on: 4/4/2011

Comments:

I am strongly opposed to this bill or any other that would increase taxes on alcohol, sodas, or any specific food or beverage. We already pay more than enough taxes, and many jobs will be lost if you increase taxes at this time. Your responsibility is to cut spending just like the individual taxpayer must do, in order to balance their personal budgets. You were elected to make the tough decisions, so start making them!

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, April 03, 2011 11:05 PM
To: FINTestimony
Cc: liane@thewinestophawaii.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM
Attachments: Testimony against raising alcohol tax.doc

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Liane Fu
Organization: Individual
Address:
Phone:
E-mail: liane@thewinestophawaii.com
Submitted on: 4/3/2011

Comments:

The food & beverage industry is struggling to stay alive during one of the worst recessions in history. Restaurants such as Nick's Fishmarket, John Dominus, and Compadres to name a few, all with decades of operating success have gone belly up. At my store, I have seen that people are not buying a smaller volume of wine but rather less expensive wines. So for example, instead of buying a \$40 bottle of wine, they buy two \$15 dollar bottles instead. For the retailer, this represents a 25% reduction in revenue. With revenue reductions such as this, I can neither hire or replace staff as I would have liked as before the recession. As a result I have been personally working 70 hour weeks. My eye doctor says I should not work so hard. But I have no choice.

In addition, having the highest state alcohol taxes in the country is going to make on-line retailers even more attractive than they already are. Many of my customers already buy on line and having the highest state taxes on alcohol will make it that much harder to compete with on line retailers who don't have to pay Hawaii state taxes. Increasing our liquor taxes raises the bar significantly for local businesses. Our economy has not yet recovered. Give local businesses a chance to climb out this dark pit of recession before taxing us out of business.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, April 03, 2011 7:57 PM
to: FINTestimony
Cc: lkawasak@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Laurie Kawasaki
Organization: Individual
Address:
Phone:
E-mail: lkawasak@youngsmarket.com
Submitted on: 4/3/2011

Comments:

I oppose this bill because I still believe we should seek a broad base solution instead of singling out certain industries. This increase will not generate the kind of revenue that our lawmakers are looking for. A GET increase would be more of a broad base solution.

I ask that you reconsider and vote not to pass this bill.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 8:37 PM
To: FINTestimony
Cc: leilani.pollard@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Leilani M. Pollard
Organization: Individual
Address:
Phone:
E-mail: leilani.pollard@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

I work for Anheuser-Busch Sales of Hawaii and I oppose this bill because of the simple fact that it could cost alot of people like me our jobs. I beleive that it is not fair to have one industry take on such a big burden of a 50% tax hike. Please consider finding other ways to fix the state's budget deficit and save our jobs please. I am a single parent of four with a mortgage and I do not want to become financially dependent on the state and potentially lose my home. Thank you for your consideration.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Saturday, April 02, 2011 11:36 PM
To: FINTestimony
Cc: swartzg001@hawaii.rr.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: gregory swartz
Organization: Individual
Address:
Phone:
E-mail: swartzg001@hawaii.rr.com
Submitted on: 4/2/2011

Comments:

This legislation, in providing for substantial increases in the taxes on alcoholic beverages, will undoubtedly cost me a considerable sum of money. However, I do not object to this legislation on that basis. Go ahead and increase taxes on alcohol if it is necessary to balance the budget. People can always make the choice of stopping or reducing their drinking.

However, I do not think a reduction in the taxes currently paid by small breweries and brewpubs in the State's current economy situation can be justified, particularly when this Committee is proposing additional individual income taxes through its push for taxation of pensions, limiting the deductibility of State of Hawaii income or excise taxes, and capping itemized deductions overall. It is not appropriate to give tax reductions to small breweries and brewpubs and then require individual taxpayers to pay for this tax reduction through increased income taxes. Don't misinterpret what I am saying. I wholeheartedly support the development of local breweries and a local brewpub industry and gladly patronize these businesses, but the State of Hawaii is not in a position to give tax reductions or business development incentives under the current economic circumstances. Please defer a major tax reduction until the economy improves. In the interim, cap the alcohol tax on small breweries and brewpubs at the existing rates.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 3:51 PM
To: FINTestimony
Cc: bruce.akau@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Bruce K.Akau
Organization: Individual
Address:
Phone:
E-mail: bruce.akau@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

A significant raise of the liquor tax would negatively affect Hawaii's liquor, restaurant, bar, hotel and tourism industries. An already slowing economy in the wake of the Japan tsunami will be further strained with increasing prices. Many businesses will be forced to down-size or even close. Many jobs will be lost which will mean many more Hawaii residents will be forced into unemployment.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 6:40 AM
To: FINTestimony
Cc: diane.duffy@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Diane Duffy
Organization: Individual
Address:
Phone:
E-mail: diane.duffy@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

Raising liquor taxes will negatively impact the working class family's of Hawaii. These hard working middle class family's like to gather with family and friends for some down time, talk story and relax after a hard working week to share a cold one. The extra expense will cut into there pockets, making it harder to pay bills, and buy the little extra things that makes the weekend worth looking forward to.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:45 PM
To: FINTestimony
Cc: bbailey.bb@gmail.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Brynn Bailey
Organization: Better Brands
Address:
Phone:
E-mail: bbailey.bb@gmail.com
Submitted on: 4/4/2011

Comments:

To Whom it may concern:

I am writing this letter because I am strongly opposed to the increase of tax on liquor/wine. Our industry employs many people here in Hawaii, from distributors to servers, buss boys and managers and that needs to be thought of before a huge increase in tax is implemented. Our Hawaii is highly dependent on the tourism that we get from all over the world and raising the tax which in turn makes every vendor, restaurant and bar have to increase their prices, drives away tourism. We need to find ways to bring more tourists into our state instead of implementing reasons for them to go to other tropical destinations where they are able to get more for their money. Many jobs will be lost and many people will then in turn be filing for more unemployment and other forms of government aid, which is not aiding our downward sloping economy, rather hurting it. Lets do the right thing and say no to HIGHER TAXES.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 8:02 AM
To: FINTestimony
Cc: aaron.pennington@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Aaron Pennington
Organization: Anheuser-Busch
Address:
Phone:
E-mail: aaron.pennington@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

Raising liquor taxes will negatively affect our tourism and hospitality industry which is very important to our economy in Hawaii.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:35 PM
To: FINTestimony
Cc: dquon@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: David Quon
Organization: Better Brands
Address:
Phone:
E-mail: dquon@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I am strongly opposed to the proposed increase in taxes on alcohol. As a salesperson I know our customers are very price sensitive, and both purchases and consumer confidence will erode if prices go up. As a result our profitability will be drained and we will not be able to add jobs. We already work thin on profits and along with skyrocketing fuel costs this tax will not be welcome and will cause an even bigger drawback in purchases and consumer spending.

David Quon/Better Brands

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:35 PM
To: FINTestimony
Cc: jpowell@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Mr. James Powell
Organization:
Address:
Phone:
E-mail: jpowell@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I have been in the beverage alcohol industry for 30 years. I have seen 3 tax increases, 2 federal and 1 state. Increasing beverage taxes then was not the answer and it is not the answer now and will never be the answer to increasing state revenues. As a matter of fact they have the opposite effect.

With the current economic climate that is not producing jobs and with our 2010 tax bills due in a couple of weeks, to propose another tax increase is very risky!

Not only are you jeopardizing jobs, you are increasing the cost of Mai Tai's and other beverages for our vacationing visitors. Tourism is just now rebounding. Any tax increases on beverage alcohol or any other related tourist consumption item(s) is like playing w/ fire. Additionally, if revenue is down on hotel and resort properties, there will be lay-offs. Give tourist incentives to come to Hawaii and you will increase state revenues.

NO TO THE BEVERAGE TAX!

FINTestimony

m: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:50 PM
To: FINTestimony
Cc: bcallihan@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Brent Callihan
Organization: Better Brands
Address:
Phone:
E-mail: bcallihan@youngsmarket.com
Submitted on: 4/4/2011

Comments:
Aloha,

I strongly oppose the proposed increase of the taxes on alcohol. Many of Hawaii's businesses, including ourselves, are just digging themselves out of this recessionary hole, and this tax would have a negative impact on our local consumer as well as our hospitality and visitor industry. The decline in business, due to higher prices, is a predictable certainty and will mean the loss of jobs in all sectors of our business.

We need broadbased solutions in dealing with our budget crisis, not more tax burdens on the small businesses that create jobs and help stimulate our economy, which in turn create the needed tax revenue.

Mahalo,
Brent Callihan

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 8:56 AM
To: FINTestimony
Cc: neilpatrick18@hotmail.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Neil Sullivan
Organization: Individual
Address:
Phone:
E-mail: neilpatrick18@hotmail.com
Submitted on: 4/4/2011

Comments:

The trickle down affect of this bill is far too large to risk. Jobs, tourism, and our economy will be greatly impacted in a negative way if this bill were to pass.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 7:52 AM
To: FINTestimony
Cc: cyosh@mac.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Carole Yoshikane
Organization: Individual
Address:
Phone:
E-mail: cyosh@mac.com
Submitted on: 4/4/2011

Comments:

It doesn't make sense to me that the proposal is to raise the tax, but lower it for smaller breweries. companies will just pass the tax on to the consumer.

Coupon's are a bad idea, I predict massive cases of abuse if this is passed.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 8:56 AM
To: FINTestimony
Cc: erin.baldwin@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Erin Baldwin
Organization: Anheuser-Busch
Address:
Phone:
E-mail: erin.baldwin@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

Raising Hawaii State liquor taxes will have a negetive impact on our tourism industry. Which is a large part of our states economy!

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 8:44 PM
To: FINTestimony
Cc: jsakamoto@pareninc.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Joy Sakamoto
Organization: Individual
Address:
Phone:
E-mail: jsakamoto@pareninc.com
Submitted on: 4/3/2011

Comments:
This bill unfairly taxes a single industry.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 1:32 PM
To: FINTestimony
Cc: rossm@hawaii.rr.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Ross Mtsumoto
Organization: Individual
Address:
Phone:
E-mail: rossm@hawaii.rr.com
Submitted on: 4/3/2011

Comments:

Raise the excise tax. Be fair to all people in Hawaii. SB741 may cause jobs to be lost, whereas raising the excise tax will spread the cost across all sectors and not single out one sector.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 1:43 PM
To: FINTestimony
Cc: greg@kaimediamarketing.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Greg Cabanting
Organization: Individual
Address:
Phone:
E-mail: greg@kaimediamarketing.com
Submitted on: 4/3/2011

Comments:

Our economy is dependent on tourism. A alcohol tax increase gets passed on consumers and supporting Hawaii's reputation as an expensive destination. This hurts many in the hospitality industry who rely on the volume of visitors coming to the state and not just the small segment of affluent visitors.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 3:02 PM
To: FINTestimony
Cc: Robin.desha@Marriott.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Robin Desha
Organization: Individual
Address:
Phone:
E-mail: Robin.desha@Marriott.com
Submitted on: 4/3/2011

Comments:
Why target certain companies this has nothing to do with health.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:02 PM
To: FINTestimony
Cc: brian2llin@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Brian Shigaya
Organization: Individual
Address:
Phone:
E-mail: brian2llin@yahoo.com
Submitted on: 4/4/2011

Comments:

Please consider broad based actions to address the budget deficit. It's unfair to single out certain industries. Our state liquor taxes are already one of the highest in the nation, and continued escalation of the tax will negatively impact jobs in this industry.

Additionally, please do not allow the implementation of discounts through coupons. It's too difficult to monitor and enforce; and will evolve into an area of mis-use, abuse, and scams.

thank you!

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:06 PM
To: FINTestimony
Cc: jhawkhawaii@gmail.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Joe Fairchild
Organization: Individual
Address:
Phone:
E-mail: jhawkhawaii@gmail.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:13 PM
To: FINTestimony
Cc: kcastleberry@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Kathryn Castleberry
Organization: Individual
Address:
Phone:
E-mail: kcastleberry@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I am writing as a plea against the alcohol tax increase proposed for consideration. As a consumer, this increase will not only hinder my spending and support of the local economy, but it will also change my lifestyle habits, decreasing my ability to go out, supporting the community and business of Hawaii. As an employee of a Company that depends on alcohol sales, it is a personal threat to my job and livelihood. For these reasons as well as my personal belief that taxes are not an effective behavior, but rather a very powerful deterrent to the success of a currently fragile economy, I hope that my opposition of the tax is take into serious consideration.

In a time where the US and more specifically the State of Hawaii, is teetering on the edge of financial failure and decline, it is immensely important to encourage any and all spending both from National and International consumers to push our business and balance toward recovery and stability. Alcohol, nightlife, food, wine & spirit consumer support and the huge amount of off permise grocer sales are enoormouse contributors to the dollars that keepour State from failing financially. Alcohol tax increases would stop these dollars and lead to failure of businesses, toursism and local sponeding. The proposed tax increase will inevitably create an economic climate destined to fail; with these points in mind, please do not support the tax increase proposal.

Thank you,

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 1:29 PM
To: FINTestimony
Cc: ttatsugawa@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM.SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Terry Tatsugawa
Organization: Individual
Address:
Phone:
E-mail: ttatsugawa@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I oppose the tax increase because all the jobs that will be loss due to loss sales. Can you imagine a Mai Tai costing \$24 a drink. The visitor to our paradise complain how expenses it is here. I'm ashamed that a big business like government cannot control spending. Elcetion year is coming up and don't think we will forget what happens now.

Yours truly,
Terry Tatsugawa

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 8:37 AM
To: FINTestimony
Cc: bruce.inafuku@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Bruce Inafuku
Organization: Anheuser-Busch
Address:
Phone:
E-mail: bruce.inafuku@anheuser-busch.com Submitted on: 4/3/2011

Comments:

Raising liquor taxes will negatively affect our tourism and hospitality industry which is very important to our economy in Hawaii.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 8:53 AM
To: FINTestimony
Cc: jerry.yoshikane@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Jerry Yoshikane
Organization: Anheuser-Busch Sales of Hawaii
Address:
Phone:
E-mail: jerry.yoshikane@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

Excessive tax hikes could lead to unemployment. I oppose tax increases.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 12:40 PM
To: FINTestimony
Cc: finevine@aol.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: pete colarusso
Organization: Individual
Address:
Phone:
E-mail: finevine@aol.com
Submitted on: 4/2/2011

Comments:

ALL the proposed new taxes will hinder the economic recovery. Cut spending till the tax base increases. Live within your means , the way we must.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 9:46 AM
To: FINTestimony
Cc: travis.kameoka@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Travis Kameoka
Organization: Individual
Address:
Phone:
E-mail: travis.kameoka@anheuser-busch.com Submitted on: 4/3/2011

Comments:

Liquor taxes for Hawaii is already among the nations highest. A tax increase will negatively affect our tourism and hospitality industry.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Saturday, April 02, 2011 9:57 PM
To: FINTestimony
Cc: salas_t1@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: tom salas
Organization: Individual
Address:
Phone:
E-mail: salas_t1@yahoo.com
Submitted on: 4/2/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 10:53 AM
To: FINTestimony
Cc: dtanaka@southernwine.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Dayne Tanaka
Organization: Individual
Address:
Phone:
E-mail: dtanaka@southernwine.com
Submitted on: 4/3/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 10:07 AM
To: FINTestimony
Cc: paul.tokuda@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Paul Tokuda
Organization: Individual
Address:
Phone:
E-mail: paul.tokuda@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 9:57 PM
To: FINTestimony
Cc: salas_t1@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: tom salas
Organization: Individual
Address:
Phone:
E-mail: salas_t1@yahoo.com
Submitted on: 4/2/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:34 AM
To: FINTestimony
Cc: stephen.ruiz@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: ariel asunio
Organization: Individual
Address:
Phone:
E-mail: stephen.ruiz@anheuser-busch.com
Submitted on: 4/4/2011

Comments:
i dont want to raise the liquor tax.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:13 AM
To: FINTestimony
Cc: stephen.ruiz@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: stephen ruiz
Organization: Individual
Address:
Phone:
E-mail: stephen.ruiz@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

raising the liquor tax at this time will hurt local business and have a negative effect on our industry.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:27 AM
To: FINTestimony
Cc: stephen.ruiz@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Charles Araki
Organization: Individual
Address:
Phone:
E-mail: stephen.ruiz@anheuser-busch.com
Submitted on: 4/4/2011

Comments:
Please don't raise the tax i need a job like everyone else.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:34 AM
To: FINTestimony
Cc: stephen.ruiz@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Carol Joslin
Organization: Individual
Address:
Phone:
E-mail: stephen.ruiz@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

Please do not raise alcohol tax as my job could be in jeopardy due to consumers spending less.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:44 AM
To: FINTestimony
Cc: stephen.ruiz@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: fresco v narciso
Organization: Individual
Address:
Phone:
E-mail: stephen.ruiz@anheuser-busch.com
Submitted on: 4/4/2011

Comments:
i dont want liq.tax to raise.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:50 AM
To: FINTestimony
Cc: stephen.ruiz@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: keola palama
Organization: Individual
Address:
Phone:
E-mail: stephen.ruiz@anheuser-busch.com
Submitted on: 4/4/2011

Comments:
I don't want a liquor tax.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:53 AM
To: FINTestimony
Cc: cyamada@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Coreen Yamada-Hankey
Organization: Individual
Address:
Phone:
E-mail: cyamada@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I am strongly opposed to the proposed increase in taxes on alcohol. Increasing taxes on an industry that is fighting to stay afloat is the wrong solution to fund Budget Shortfalls. We have worked hard to preserve jobs throughout the recession. Increasing taxes hurts the health of the industry and most likely jobs and benefits will need to be reduced to offset the increases in taxes.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 10:54 AM
To: FINTestimony
Cc: roger.morey@hawaii.rr.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Roger Morey
Organization: Individual
Address:
Phone:
E-mail: roger.morey@hawaii.rr.com
Submitted on: 4/4/2011

Comments:

I do NOT support passage of this bill. Being fully aware of the need to balance the State budget I could support this bill ONLY after significant cuts are made to the current budget. My family adjusts as our income decreases by spending less. The State should be held to that standard, too.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:09 AM
To: FINTestimony
Cc: p_kramers@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: John Pselio
Organization: Better Brands
Address:
Phone:
E-mail: p_kramers@yahoo.com
Submitted on: 4/4/2011

Comments:

I oppose this tax increase because I am afraid it could lead to some layoffs. I do not want to worry about being laid off nor seeing any of my co workers laid off. Maybe there is another solution but I don't believe this tax is it.
Please do not pass this bill.
Mahalo

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:15 AM
To: FINTestimony
Cc: noeburkett@hawaii.rr.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Kevin Burkett
Organization: Individual
Address:
Phone:
E-mail: noeburkett@hawaii.rr.com
Submitted on: 4/4/2011

Comments:

I oppose any large increase in the tax, as it will have detrimental effects on our visitors to Hawaii, and their spending here.
Hawaii is already the state with the highest tax on alcohol beverage items.
I am an industry employee, and worry what the impact will be to my job and the many Hotel and restaurant employee jobs.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:11 PM
To: FINTestimony
Cc: hmuronaga@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Howard Muronaga
Organization: Better Brands
Address:
Phone:
E-mail: hmuronaga@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I have been a sales rep with Better Brands for over 20 years and I am strongly opposed to this tax increase. I believe that this increase would have a trickle effect on all of us in Hawaii. With your proposed tax increase and the rising gas prices, shipping charges, et., I know we would have to significantly raise our prices, which of course would affect many in Hawaii and visitors. Please don't do it.

Mahalo,
Howard Muronaga

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:12 AM
To: FINTestimony
Cc: stephensmanagement@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Chad Stephens
Organization: Individual
Address:
Phone:
E-mail: stephensmanagement@yahoo.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 11:35 AM
To: FINTestimony
Cc: tim.cummings@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Tim Cummings
Organization: Individual
Address:
Phone:
E-mail: tim.cummings@anheuser-busch.com
Submitted on: 4/4/2011

Comments:

Raising liquor taxes will negatively affect our tourism and hospitality industry which is very important to our economy in Hawaii

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 11:36 AM
To: FINTestimony
Cc: natalie_a_b@hotmail.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Jacob McGuire
Organization: Better Brands
Address:
Phone:
E-mail: [natalie a b@hotmail.com](mailto:natalie_a_b@hotmail.com)
Submitted on: 4/4/2011

Comments:

I strongly oppose this tax because I think that it targets just one industry but will have a negative impact on many. I especially don't want to lose my job or see others lose their job.

Please vote not to pass this liquor tax increase.

Mahalo

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:03 PM
To: FINTestimony
Cc: ninjatalon575@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: christopher punio
Organization: Individual
Address:
Phone:
E-mail: ninjatalon575@yahoo.com
Submitted on: 4/4/2011

Comments:

i strongly oppose SB 741 the liquor tax increase as well as the proposed couponing. i work in this industry and this would be devastating for my family and i as it could mean loss of employment. my family relies on me to pay the majority of the expenses for our household and with this increase our livelyhood will be in jeopardy and likely for a number of people just like myself. the last thing we need is more citizens who are willing to work, and established a career for themselves on unemployment...thank you for your attention in this matter

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:21 PM
To: FINTestimony
Cc: aadkison.bb@gmail.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Amy Adkison
Organization: Better Brands
Address:
Phone:
E-mail: aadkison.bb@gmail.com
Submitted on: 4/4/2011

Comments:

Dear Representative,

I personally am strongly opposed to the increase of taxes on alcohol! Many of us in this industry know the detrimental affect this will have on our industry, not to mention the economy which will be a disaster for our already strained tourism. We need solutions that with not target juse one industry! Mahalo.

Amy N. Adkison
73-1334 Nawahie Lp
Kailua Kona, HI 96740

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 04, 2011 12:25 PM
To: FINTestimony
Cc: bfujino@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Bernadine Fujino
Organization: Better Brands
Address:
Phone:
E-mail: bfujino@youngsmarket.com
Submitted on: 4/4/2011

Comments:

I oppose the upcoming tax increase on Liquor because of the down fall it will cause our company. This will cause a big effect on the sales of alcohol to our customers as well as my fellow employees. I do not welcome the increase.

Bernadine Fujino
Better Brands
73-4854 Kanalani St
Kailua-Kona, HI 96740

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 12:32 PM
to: FINTestimony
Cc: ginalee129@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Regina Maunakea
Organization: Individual
Address:
Phone:
E-mail: ginalee129@yahoo.com
Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 12:34 PM
fo: FINTestimony
Cc: justin.phillip@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Justin C.K. Phillip
Organization: Individual
Address:
Phone:
E-mail: justin.phillip@anheuser-busch.com Submitted on: 4/4/2011

Comments:

A 50% tax increase on alcohol would hurt Hawaii's tourism and hospitality industry. Which plays a big role in our economy.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Monday, April 04, 2011 9:59 AM
fo: FINTestimony
Cc: nancy.scibora@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Nancy Scibora
Organization: Individual
Address:
Phone:
E-mail: nancy.scibora@anheuser-busch.com Submitted on: 4/4/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 2:54 PM
To: FINTestimony
Cc: Kehau.desha@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Kehau Desha
Organization:
Address:
Phone:
E-mail: Kehau.desha@anheuser-busch.com
Submitted on: 4/3/2011

Comments:
Creates unfair tax raise the GE tax.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, April 03, 2011 3:01 PM
To: FINTestimony
Cc: Robin.desha@Marriott.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Robin Desha
Organization: Individual
Address:
Phone:
E-mail: Robin.desha@Marriott.com
Submitted on: 4/3/2011

Comments:

Why target certain companies this has nothing to do with health.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 2:31 PM
To: FINTestimony
Cc: aaron.naong@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Aaron Naong
Organization: Anheuser Busch
Address:
Phone:
E-mail: aaron.naong@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

The proposed tax increase is unfair to the working class of Hawaii. With unemployment rates already high, this proposed increase will only add to that statistic. This proposal will create a negative impact on not just the alcohol industry but the whole state of Hawaii's economy.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, April 03, 2011 2:30 PM
To: FINTestimony
Cc: aaron.naong@anheuser-busch.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Aaron Naong
Organization: Anheuser Busch
Address:
Phone:
E-mail: aaron.naong@anheuser-busch.com
Submitted on: 4/3/2011

Comments:

The proposed tax increase is unfair to the working class of Hawaii. With unemployment rates already high, this proposed increase will only add to that statistic. This proposal will create a negative impact on not just the alcohol industry but the whole state of Hawaii's economy.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 11:24 AM
To: FINTestimony
Cc: djkt1200@yahoo.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Christopher Tom RN, BSN
Organization: Individual
Address:
Phone:
E-mail: djkt1200@yahoo.com
Submitted on: 4/2/2011

Comments:

I am opposed to the alcohol tax hike. I feel that there are too many who rely on the sale of alcohol to make a living in Hawaii and this bill would harmful to them. Thank you.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, April 02, 2011 11:22 AM
To: FINTestimony
Cc: jyoshikane@netscape.net
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Jerry Yoshikane
Organization: Individual
Address:
Phone:
E-mail: jyoshikane@netscape.net
Submitted on: 4/2/2011

Comments:

Please don't raise our taxes, the people of Hawaii are drowning in taxes.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Date: Monday, April 04, 2011 1:46 PM
To: FINTestimony
Cc: dmiyashiro@youngsmarket.com
Subject: Testimony for SB741 on 4/4/2011 3:30:00 PM

Testimony for FIN 4/4/2011 3:30:00 PM SB741

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Duane Miyashiro
Organization: Better Brands
Address:
Phone:
E-mail: dmiyashiro@youngsmarket.com
Submitted on: 4/4/2011

Comments:

My name is Duane Miyashiro and I am the Manager of Better Brands Express Store in Honolulu. Better Brands is a liquor wholesaler authorized to distribute liquor to various licensed retail stores and restaurants in the state of Hawaii. I strongly oppose bill SB741, "Relating to Liquor."

Retailers, restaurant and small business owners continue to struggle from the effects of the current economic recession. Increasing taxes on liquor will create an additional financial burden on these same entities making it difficult for them to stay in business. This in turn will contribute to an increased number of people unemployed in the state of Hawaii, destroying our tax base and reducing the amount of taxes being collected.

Not only does increased alcohol taxes contribute to job loss, it will unfairly burden and penalize all consumers of alcoholic beverages because of the actions of a relatively small number of drinkers.

I respectfully ask for your consideration in negating this bill. Thank you for the opportunity to testify on this matter.

Sincerely,

Subject: SB741

To Whom It May Concern,

I work in the liquor industry and I am requesting you to please vote AGAINST any alcohol tax increase.

I believe putting a tax on liquor will not increase any health benefit to the public as it is the parent's and personal choice of that individual. It was done with cigarettes and has not stopped the majority of smokers to quit or cut down. If it is such the case that health is an issue why is only alcohol being singled out?

Taxing alcohol will severely affect the working men and women across this state. Not only within the liquor industry but those directly related to it - i.e. restaurants, bars, clubs, markets, etc.

I work as a graphic designer for a liquor distributor and am in great fear that if this bill passes through, mine and several other jobs will be cut first. Or I will have a severe decrease in my wages. I live alone and work to support myself - it is already difficult to find any job in my field especially in this struggling economy.

I feel this will increase the already large deficit they are trying to balance with this tax. This tax means jobs will be lost therefore not as much money is being put back into the economy due to the loss in wages and the gap will further increase. Another solution other than singling out one industry to support the majority of the deficit needs to be found.

Hawaii already relies so much on the tourist industry and I think this tax will definitely impact that as well, as hotels will be affected in higher prices to the consumers in order for them to carry liquor thus deterring those wanting to come and visit the islands.

It is a trickle-down effect that I believe the proposers have not thoroughly thought about how many jobs and how much the economy will be affected through this.

Please greatly consider the consequences if this bill is passed.

Regards,
Megan Matsuoka

Megan Matsuoka
graphic designer
Better Brands Ltd.
Direct Line: (808) 676-6107
E-mail:
MeganMatsuoka@youngsmarket.com

SB741

Dear sir,

My name is Gary Inayoshi and I am writing you to express my opposition to the proposed increases of the taxes on alcohol. I believe this will adversely affect jobs in Hawaii and may not increase tax dollars as you may think. Let me explain.

I work in the liquor industry for a wholesaler and do consultation and sales to many of the military club and exchange systems. Currently, these outlets purchase liquor through private businesses like ours and many others providing jobs to many of our Hawaii citizens. Profits that the military makes through the Package Stores and Class 6 outlets provide funding to the many programs of the M.W.R. (Morale, Welfare and Recreation). This program provides many benefits for the military support groups like spouses and families, like day care, after school programs and spouse programs etc. This is important as our military personnel continues to be burdened by the ongoing crisis worldwide.

This self funding program is currently self sufficient due to some of the profits made and not currently provided by federal tax dollars or burdened very little as long as they remain profitable. Competition at these outlets are affected by cost of goods sold and are subject to margins set by military headquarters and are, for the most part standard at 20, 25, 30 and sometimes, up to 40 percent, unlike other private businesses that retail these products at a lower margins and have the ability to lower them even more taking business from the military and reducing profits used to fund M.W.R. programs.

Consider this. By increasing the taxation on liquor and raising the cost of goods it may force the military to revisit the possibility of bringing liquor in directly like they used to do many years ago. This will affect jobs not only in our industry but others as well. The shipping industry, the transportation industry and many other employers and also having a trickle down affect to others as well because of this. Additionally, these products would come into the state unaffected by the very same taxes being considered for increase. Additionally, at a much lower cost of goods, should this happen, their retailers may suddenly become much lower for private businesses to compete with. Taking more jobs away from private businesses like supermarkets and others that sell these products. I remember back many years ago when military bringing in liquor directly was the way it was. Now everyone knows of somebody with military purchasing privileges or knows of someone that knows someone with these privileges that will no doubt purchase these products for them. Should this re-occur, these products will not only NOT be taxed when coming into the state but be unaffected by the sales tax as well as they are purchased at these outlets and would be exempt from not one of these (sales tax exemption), but both of these taxes, reducing revenue even more for the state and counties. Please do not let this happen as it WILL have an adverse affect on employment within the state.

Currently these outlets enjoy the relationships they have with their vendor partners as we provide a service of not only providing these products but also as partners in the displaying and merchandising, demonstrating and promoting, advising and consulting and keeping jobs and benefits for many, many people of the Aloha state.

I humbly ask that you consider these and the many other reasons for not increasing the taxation on liquor products and whether by doing so will actually increase and not decrease revenue as you have planned and I thank you for the attention you have afforded me regarding this important matter.

Sincerely,

Gary K. Inayoshi
94-652 Lumiauau Street, AAA4
Waipahu, Hawaii 96797
(808) 371-6159 cell
(808) 671-3655 home

SB741

Brent Johnston
19 N. Kainalu Dr.
Kailua
April 4, 2011

Dear Representative,

I strongly oppose the increase in taxes on alcohol currently under consideration. A tax increase on alcoholic beverages will reduce sales of alcoholic beverages and drive consumers to lower priced alternatives. This will result in a loss of jobs in an industry that suffered greatly and is just recovering from a terrible recession.

Finding ways to reduce the big deficit is a difficult job that I don't envy our Lawmakers but please consider the long term negative effects that raising the alcohol taxes will have on the economy, loss of business in restaurants and hotels, our tourist industry and the independent retailer that is already struggling to get by.

Thank you for reading this letter, please consider voting against the proposed tax increase on alcohol. It is my belief that the unintended consequences of this legislation would have a negative effect on our industry and our community.

You have my permission to use this correspondence for testimony on this bill.

Sincerely,
Brent Johnston