

TAXBILLSERVICE

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SUBJECT: LIQUOR, Small breweries and brewpubs

BILL NUMBER: SB 1261, SD-1

INTRODUCED BY: Senate Committee on Commerce & Consumer Protection

BRIEF SUMMARY: Adds a new section to HRS chapter 244D to provide that a small brewery or brewpub that produces less than 60,000 barrels of beer and 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. This reduced rate shall not apply to breweries that produce more than 60,000 barrels.

Defines “small brewery or brewpub” as a brewery or brewpub that brews or produces not more than 60,000 barrels of beer per taxable year. A brewery or brewpub that brews or produces more than 60,000 barrels of beer per taxable year shall not qualify as a small brewery or brewpub and beer produced by such a brewery or brewpub shall not qualify for the liquor tax rate of \$0.23.

EFFECTIVE DATE: Tax years beginning after December 31, 2013

STAFF COMMENTS: 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.

Digested 2/21/13

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: g@mauibrewingco.com
Subject: Submitted testimony for SB1261 on Feb 22, 2013 09:00AM
Date: Wednesday, February 20, 2013 9:34:18 PM

SB1261

Submitted on: 2/20/2013

Testimony for WAM on Feb 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Garrett W. Marrero	Maui Brewing Co.	Support	No

Comments: Aloha, We stand on our previous testimony to support SB1261 as it has been amended. This is a great move to promote small business and in turn, job creation in Hawaii. Mahalo. Garrett W. Marrero Founder Maui Brewing Co

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: daryn@pintandjigger.com
Subject: *Submitted testimony for SB1261 on Feb 22, 2013 09:00AM*
Date: Tuesday, February 19, 2013 3:00:27 PM

SB1261

Submitted on: 2/19/2013

Testimony for WAM on Feb 22, 2013 09:00AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Daryn Ogino	Individual	Support	No

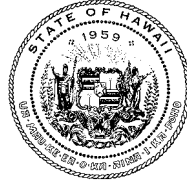
Comments:

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To: The Honorable David Y. Ige, Chair
and Members of the Senate Committee on Ways and Means

Date: Friday, February 22, 2013

Time: 9:00 a.m.

Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: S.B. 1261 S.D.1 Relating to Liquor Tax Law

The Department appreciates the intent of S.B.1261 S.D.1 and provides the following information and comments for your consideration.

S.B. 1261 S.D.1 applies a reduced liquor tax rate upon all beer brewed by small brewers and defines small brewers as those that brew not more than 60,000 barrels of beer per year. The reduced rate will only apply to small brewers; a brewer brewing more than 60,000 barrels per year will pay the standard liquor tax on all beer produced.

The Department believes that it can make the necessary form, form instruction, and system changes necessary as this measure applies to taxable years beginning after December 31, 2013.

The Department estimates this measure will result in an annual revenue loss of \$1 million.

Thank you for the opportunity to provide comments.