

**Hawaiian Craft Brewers Guild**



Wednesday, April 3, 2013

TO:

House Finance Committee

Testimony in Strong Support of SB1261

Aloha Ladies and Gentlemen of the Committee:

The Hawaiian Craft Brewers Guild is a craft brewing trade organization that seeks to promote authentic production of Craft Beer in Hawaii. We are united in our pursuit to showcase Hawaii in our wares and promote economic activity and industry growth in our communities.

The guild has compiled cost information that show the challenges involved in production in Hawaii:

labor: \$29.54/barrel, \$.95/gallon  
rent: \$12.40/barrel, \$.40/gallon  
water: \$2.33/barrel, \$.08/gallon  
utilities: \$17.49/barrel, \$.56/gallon  
COG: \$80.13/barrel, \$2.58/gallon  
supplies: \$6.80/barrel, \$.22/gallon  
marketing: \$2.80/barrel, \$.09/gallon  
shipping: \$24.10/barrel, \$.78/gallon

Total per barrel: \$175.60, \$5.66/gallon

**Current taxes:**

--HI State Excise = .54 draft & .93 packaged per gallon

--Federal Excise = 22.5 cents per gallon

Currently 8 truly local breweries strong, and 8 potential breweries in planning in Hawaii according to the Brewers Association. These are all small businesses that hope to grow small manufacturing in the State of Hawaii. We support SB1261 with amendments as provided by the Hawaii Department of Taxation. We feel that a small decrease in the State Excise Tax will greatly help Hawaii small brewers to succeed in the marketplace which can lead to the positive influences listed below. We believe that SB1261 will serve to accomplish the following:

Create jobs in manufacturing and other areas for local residents

Reduce the reliance on service industry jobs. "Job diversification"

## **Hawaiian Craft Brewers Guild**

Increases ability to be competitive with mainland imported brands that are produced at a much lower cost and without Hawaiian authenticity.

Promotes authentic local production

Protects the appellation that is “Hawaiian”

We believe that this legislation will result in a net overall gain to the State when decreases in unemployment and increases in production and sales are realized. We urge you to support the passage of this bill.

Some average costs per gallon to produce beer in Hawaii show the challenges facing small brewers in Hawaii:

As of the last hearing there has been no opposition testimony lodged against SB1261 and the comments by the tax department have been discussed and addressed with the amendments proposed. This clears the way to pass this bill.

Mahalo for your consideration,

Thomas Kerns  
President  
Hawaiian Craft Brewers Guild

Email:  
[bigislandbrewhaus@yahoo.com](mailto:bigislandbrewhaus@yahoo.com)

Ph:  
808-276-3301