

Honolulu, Hawaii

February 14, 2014

RE: H.B. No. 2483
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2483 entitled:

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

begs leave to report as follows:

The purpose of this measure is to support the growing craft beverage industry in Hawaii by applying a reduced gallonage tax on draft beer and beer other than draft beer brewed or produced by a small brewery or brew pub, still wine and sparkling wine produced by a small winery, and distilled spirits produced by a small manufacturer.

Maui Brewing Co. testified in support of this measure. Wine Institute and Anheuser Busch Companies testified in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Deleting the reduced gallonage tax amount for still wine and sparkling wine and related provisions; and
- (2) Changing the effective date to July 1, 2112, to encourage further discussion.



Your Committee respectfully requests that your Committee on Finance further examine the issue of whether or not a preferential tax structure on new classes of liquor licensees that may not exist in other states could be a violation of federal law.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2483, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2483, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



