

STAND. COM. REP. NO.

704

Honolulu, Hawaii

MAR 01 2013

RE: S.B. No. 1261
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1261, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to promote small businesses by lowering the tax rate on beer for breweries and brewpubs that brew or produce no more than sixty thousand barrels of beer per taxable year.

Your Committee received written comments in support of this measure from Maui Brewing Company and a concerned individual.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that by applying a reduced liquor tax rate on beer produced by small breweries and brewpubs, this measure will promote job creation in Hawaii and help the local beer industry compete with large breweries from the mainland that enjoy lower costs of production.

Your Committee has amended this measure by:

- (1) Repealing the expired liquor tax rates in section 244D-4(a), Hawaii Revised Statutes;



- (2) Changing the effective date to July 1, 2050, to encourage further discussion on this measure; and
- (3) Making technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1261, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1261, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



