

STAND. COM. REP. NO.

2822

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 3041
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 3041, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent 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 brewpub.

Your Committee received written comments in support of this measure from Island Distillers, Inc. and Manulele Distillers, LLC. The Department of Taxation and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that Hawaii's liquor taxes are among the highest in the nation, which acts as a disincentive to manufacturing in the State. Your Committee further finds that this measure is intended to support the growing craft beverage industry in Hawaii, which will help to strengthen the State's economy by creating jobs and encouraging the growth of small businesses.

Your Committee is concerned that this measure may benefit small out-of-state breweries or brewpubs, but recognizes that constitutional parameters may prevent limiting the reduced tax to local small breweries and brewpubs.

SB3041 SD2 SSCR LRB 14-1792-1.doc

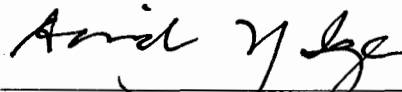


Your Committee has amended this measure by:

- (1) Changing the amount of the tax to an unspecified amount;
and
- (2) Making technical nonsubstantive amendments for the
purposes of clarity and consistency.

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. 3041, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3041, S.D. 2.

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



DAVID Y. IGE, Chair



