

Honolulu, Hawaii

February 12, 2018

RE: H.B. No. 2656
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2656 entitled:

"A BILL FOR AN ACT RELATING TO A SMALL CRAFT BEER PRODUCER TAX CREDIT,"

begs leave to report as follows:

The purpose of this measure is to stimulate long term growth of the local small craft beer industry in Hawaii by establishing a small craft beer producer income tax credit.

The Chamber of Commerce Hawaii, Manulele Distillers, LLC, Honolulu Beeworks, Big Island Brewhaus LLC, Maui Brewing Company, Kohola Brewery, Kauai Beer Company, Kauai Island Brewing Company, Beer Lab HI, Lanikai Brewing Company, Home of the Brave Brewing Company and Brewseum, and several concerned individuals testified in support of this measure. The Hawaiian Craft Brewers Guild, REAL a gastropub, and Bent Tail Brewing Company testified in support of the intent of this measure. The Department of Business, Economic Development and Tourism and Department of Taxation provided comments.

Your Committee notes that questions were raised as to what exactly constituted a qualified expense eligible for the tax credit. Proponents of this measure indicated that they were currently crafting language to address these questions. Should



your Committee on Finance consider this measure further, your Committee respectfully requests that it consider these questions and any proposed language presented.

Your Committee has amended this measure by:

- (1) Inserting an unspecified appropriation to the Department of Business, Economic Development and Tourism to meet the requirement for monitoring, verification, and certification of small craft beer producer tax credit claims;
- (2) Changing its effective date to July 1, 2112, to facilitate further discussion; 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 Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2656, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,


CINDY EVANS, Chair



