

Honolulu, Hawaii

MARCH 2, 2018

RE: H.B. No. 2656
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 2656, H.D. 1, 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; Lanikai Brewing Company; REAL a gastropub/Bent Tail Brewing Company; Kauai Beer Company; Kaua'i Island Brewing Company; Homebrew in Paradise; and Broken Boundary Brewery, LLC supported this measure. The Department of Taxation; Department of Business, Economic Development and Tourism; Tax Foundation of Hawaii; Hawaiian Craft Brewers Guild; Waikiki Brewing Company; Honolulu BeerWorks; Aloha Beer Co.; Stewbum & Stonewall Brewing Co. LLC; Maui Brewing Co.; Big Island Brewhaus; Beer Lab HI; and many concerned individuals offered comments for this measure.

Your Committee has amended this measure by:

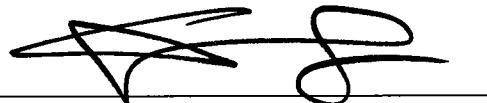
- (1) Specifying that the tax credit shall be forty percent of the qualified expenses;



- (2) Including an unspecified annual tax credit cap;
- (3) Clarifying that qualified expenses are calculated according to rules under the Internal Revenue Code;
- (4) Specifying that a qualified producer means a domestic corporation producing one hundred percent of its beer products in the State;
- (5) Clarifying the definition of "qualified taxpayer"; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2656, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2656, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



