STAND. COM. REP. NO. 1041 -18

Honolulu, Hawaii

MMUH 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; Kauai 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

## State of Hawaii House of Representatives HSC7 1041-18 The Twenty-ninth Legislature

## **Record of Votes of the Committee on Finance**

Bill/Resolution No.:	Committee Referral:	Date:	7	
HB 2656, HD1	EDB , FIN		2-21-	2018
The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  Pass, unamended (as is) Pass, with amendments (HD)  Hold				
☐ Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. LUKE, Sylvia (C)				
2. CULLEN, Ty J.K. (VC)				
3. CACHOLA, Romy M.				
4. DeCOITE, Lynn				
5. FUKUMOTO, Beth				
6. GATES, Cedric Asuega				
7. HOLT, Daniel				
8. KEOHOKALOLE, Jarrett				
9. KOBAYASHI, Bertrand				
10. LOWEN, Nicole E.				
11. NAKAMURA, Nadine K.				
12. TODD, Chris				
13. YAMASHITA, Kyle T.				42 11 <u>84 144</u> 4
14. TUPOLA, Andria P.L.				<u></u>
15. WARD, Gene				
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				******
TOTAL (15)	/3	Ø	Ø	2
The recommendation is: Adopted   Not Adopted				
If joint referral, did not support recommendation.  committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				
2.20. 20. 20. 20. 20. 20. 20. 20. 20. 20				