

Honolulu, Hawaii

FEB 15 2018

RE: S.B. No. 2712  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2712 entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the liquor tax law by:

- (1) Expanding the definition of a "cooler beverage" to include coolers containing distilled spirits and certain additives; and
- (2) Repealing the tax rate on beer other than draft beer and applying the tax rate on draft beer to all beer.

Your Committee received testimony in support of this measure from Big Island Brewhaus LLC, Hawaiian Craft Brewers Guild, Home of the Brave Brewing Co., Homebrew in Paradise, Honolulu BeerWorks, Kauai Brewers, Kauai Island Brewing Company, Kohola Brewery, Lanikai Brewing Company, Maui Brewing Co., REAL A Gastropub, Waikiki Brewing Company, and fifty-seven additional individuals from the Maui Brewing Co.

Your Committee received testimony in opposition to this measure from the Hawai'i Alcohol Policy Alliance.



Your Committee received comments on this measure from the Tax Foundation of Hawaii.

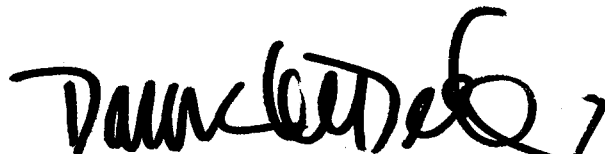
Your Committee finds that this measure will eliminate confusion surrounding the two separate tax rates on beer by consolidating the two taxes into one. The statutory definition of "draft beer," based upon the size of a container, is inconsistent with the use of the term in the industry, where it refers to beer from tap. Your Committee further finds that including spirit beverage coolers as cooler beverages will encourage local brewers to develop spirit beverage coolers for the local market, thereby increasing opportunities for local businesses.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (2) Making technical, nonsubstantive changes for the purposes of 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. 2712, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2712, S.D. 1, and be placed on the calendar for Third Reading.

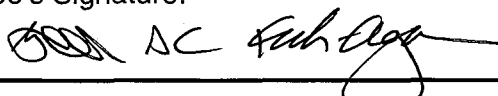
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB2712</b>	Committee Referral: <b>WAM</b>	Date: <b>2/8/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
GALUTERIA, Brickwood	X			
HARIMOTO, Breene	X			
INOUYE, Lorraine R.	X			
KAHELE, Kaiali'i	X			
KIDANI, Michelle N.				X
RIVIERE, Gil				X
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
<b>TOTAL</b>	<b>8</b>			<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes