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**STATE OF HAWAII
DEPARTMENT OF TAXATION**

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To: The Honorable Roy Takumi, Chair
and Members of the House Committee on Consumer Protection & Commerce

Date: February 2, 2018
Time: 2:00 P.M.
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 2412, Relating to Intoxicating Liquor

The Department of Taxation (Department) appreciates the intent of H.B. 2412 and offers the following comments for your consideration.

H.B. 2412 makes amendments to Hawaii Revised Statutes (HRS) chapter 244D, which governs Hawaii's liquor tax law. A summary of the measure's key provisions are as follows:

- Eliminates the 93 cents per wine gallon rate for non-draft beer;
- Taxes all beer at a rate of 54 cents per wine gallon beginning on July 1, 2018;
- Deletes the definition of draft beer;
- Expands the definition of "cooler beverage" to include beverages with less than twelve percent of alcohol by volume that contain distilled spirits and added blending materials; and
- Has an effective date of July 1, 2018.

The Department respectfully requests that the effective date of the measure be changed to January 1, 2019, to allow the Department time to make the necessary changes to forms and instructions and the Department's computer system.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: LIQUOR, Broaden Cooler Beverage Definition, Harmonize Tax Rate on Beer

BILL NUMBER: HB 2412; SB 2712 (Identical)

INTRODUCED BY: HB by YAMASHITA, CULLEN, FUKUMOTO, HASHEM, ICHIYAMA, JOHANSON, KONG, C. LEE, LUKE, MCKELVEY, MIZUNO, MORIKAWA, NISHIMOTO, SAIKI, SAY, TAKAYAMA, TAKUMI, TOKIOKA, YAMANE, Ito, San Buenaventura; SB by WAKAI, Baker, Dela Cruz, K. Kahele, Nishihara, Riviere

EXECUTIVE SUMMARY: Includes distilled beverages containing spirits and added blending materials that contain less than twelve per cent of alcohol by volume in the cooler beverage definition. Deletes definition of draft beer. Applies the tax rate on draft beer to all beer. The bill appears reasonable to align the tax system to current industry practices.

SYNOPSIS: Amends the definition of “cooler beverage” in section 244D-1, HRS, to include a spirit beverage cooler containing distilled spirits and added natural or artificial blending material, such as fruit juices, flavors, flavorings, colorings, or preservatives, and that contains less than twelve per cent of alcohol by volume.

Amends section 244D-4, HRS, to apply the tax rate on beer to draft beer as well, at the rate previously applied to draft beer, and deletes the separate tax rate for draft beer.

Makes conforming amendments to remove references to “draft beer.”

EFFECTIVE DATE: July 1, 2018.

STAFF COMMENTS: The bill recites that under the current definition of "cooler beverage" the tax rate applied is only applicable to wine or beer based beverages. Thus, if a local distiller wants to make a ready to drink "cooler beverage" that contains one ounce of a distilled spirit and eleven ounces of another consumable liquid, then it is taxed as if the entire contents are distilled spirits. The bill recites that there is a growing number of local distilleries, but there are no locally produced ready to drink spirits-based beverages, whereas there are several companies on the mainland exporting small volumes of cocktails in cans or bottles but there is no local option.

The bill also recites that the current taxation scheme on beer is confusing because lower tax rate is imposed on draft beer, statutorily defined as beer in an individual container of seven gallons or larger. However, many beer sellers, including many local small brewers, dispense what is commonly referred to as draft beer from containers smaller than seven gallons.

The bill is designed to simplify the law and align it to current industry practices, and appears to be a reasonable attempt to accomplish these goals.

Digested 1/31/2018



February 1, 2018

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Geoffrey Seideman, I live in Hawaii Kai, Oahu, and I am the Owner and Brewer of **Honolulu BeerWorks** brewery in Kaka'ako. Mahalo for the opportunity to submit testimony, I apologize that I could not be there in person as my growing business needs me present. I am writing on behalf of our local family-operated business, Honolulu Beerworks, in support of **HB2412**. Our Brewery began business in 2014 with 18 initial employees. We now provide 36 jobs in Hawaii with plans for more job opportunities in the near future.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Honolulu Beerworks
328 Cooke St, Honolulu HI. 93813
808-589-2337

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries. We have and are currently self-distributing on Oahu. This in itself is a hard and expensive, any kind of relief would allow us to hire more drivers and sales to help get our product to more consumers.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. As part of our expansion we have already added a canning line to our production facility, and are currently distributing our cans on Oahu.

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

We are looking at distilling as part of our future plans for expansion, and this bill will make it easier for us to invest back into the company with machinery and employees to make this a reality.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Sincerely,

Geoffrey Seideman
Owner/Brewer

Honolulu Beerworks
328 Cooke St, Honolulu HI. 93813
808-589-2337



WAIKIKI BREWING COMPANY

Joe P. Lorenzen, Partner/Brewmaster
831 Queen St.
Honolulu, HI 96813
808-591-0387
brewmaster@waikikibrewing.com

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Joe Lorenzen. I live in Honolulu, on the island of Oahu, and I am a partner in and Brewmaster of Waikiki Brewing Company with business locations in Waikiki and in Kaka'ako. Our brewery began with 15 employees in 2015, and now employs a staff of 45.

We support HB 2412 because of the following:

For the majority of the world, the term "draft beer" refers to beer poured from tap. HB2412 minimizes confusion by embracing this standard definition instead of the confusing one currently used in Hawaii which refers to a container of 7 gallons or more. Smaller craft breweries and those just starting out will often serve beer on draft from taps using 5.2 gallon or 2 gallon kegs. This bill encourages compliance with laws by simplifying and making tax terminology less confusing. Under the current draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate.

Hawaii is in the top 10% of all US states in terms of tax rates applied to beer producers. Given that the cost of doing business in the state of Hawaii already presents a great challenge when it comes to ingredient cost, shipping cost, and other economic hurdles, having among the highest tax rates on beer production makes growing a manufacturing business in the craft beer industry very challenging. This bill will help to even the playing field and promote revenue and job creation in Hawaii.

We are a small brewer that continues to self-distribute our product in many circumstances which increases our cost of doing business and as such, a bill such as this which helps to reduce the tax burden on smaller breweries will help us to bring our product to market.

The higher tax rate of 93 cents is considered a package tax. Waikiki Brewing Company cans 100% of our beer here on Oahu and purchases 100% of our cans from Ball Corp which manufactures here in Kapolei. Having a lower tax rate on packaged beer encourages breweries to increase production which in turn supports yet another manufacturing firm on Oahu, adding additional revenue and jobs to the local economy. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2411.

Sincerely,

Joe P. Lorenzen



February 1, 2018

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Re: In **SUPPORT, HB2412**, Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

Aloha Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

My name is Garrett W. Marrero, I live in Kula, HI. We have locations on Maui in Lahaina and Kihei, and on Oahu in Waikiki and Kailua. We distribute across the Hawaii, 23 other States, and 13 countries. We began in 2005 with 26 team members and have added more than 500 to our team. My wife and I were selected as the National Small Business Persons of the year in 2017 for our work at Maui Brewing Co. I'm writing on behalf of myself and our local family-operated business in support of **HB2412** which creates a uniform application of State Law allowing Minors to be present in a tasting room with a parent/guardian.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. HRS 244D dealing with Liquor Tax has two separate rates for beer. This is the only beverage that has a disparity in tax rates. Wine and spirits both enjoy a uniform tax rate based on gallonage. Beer however is subject to a confusing burdensome set of accounting for tax. There is "Draft Beer" and "Beer", you would think that draft means anything served on draft as in from a keg and everything else (i.e. cans, bottles etc.) would be "beer". This is not the case. "Draft beer" is defined as an "individual container of 7 gallons or more"; many of us serve "Draft" from 5 gallon or even 2 gallon kegs in some instances. The draft beer rate is currently \$0.54/gallon. We refer to the "beer" definition as the "package tax" as it at least should relate to individual packages. The "package" rate is \$0.93/gallon. I would argue that most breweries both Hawaii based and importers do not know that there is such an odd definition to draft. This bill encourages compliance with laws by simplifying and making tax terminology less confusing and results in a significant boost to the industry growth.

The bill helps support new startup brewery businesses. Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are among the highest compared to other States. Higher tax rates present an additional economic disincentive for Hawaii's craft beer producers to manufacture and grow locally.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher

Handcrafted Ales & Lagers Brewed with Aloha
605 Lipoa Parkway, Kihei, HI 96753
808.213.3002

tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

It is important to note that this change does not directly impact Maui Brewing Co. and supports the smaller breweries the most. We believe it is the right move for the industry.

Tax rate for distilled beverages containing spirits

HRS 244D has a “cooler beverage” tax rate for beverages that are either wine or beer based. This makes sense as the coolers are a mixed beverage with only a portion being liquor while the rest is juice, water, soda etc (a mixer). Currently the rules do not allow for a spirits-based beverage. This means that a local distiller that wishes to make a ready to drink “cooler beverage” is taxed as if the entire contents are alcohol. As a result a 12oz can with 1oz of spirit and 11oz of ginger beer is taxed as if it is 12oz of spirits. This makes no sense. We believe that this is the primary reason there are zero locally produced ready to drink spirits based beverages despite the growing number of local distilleries. There are several companies on the mainland exporting small volumes of cocktails in cans or bottles but no local option.

Simply put, by creating a spirits cooler beverage category the State will give birth to an entire industry primed for growth in Hawaii. A locally produced alternative for ready to drink cocktails makes sense versus imported beverages when we aim to deliver an authentic Hawaiian experience to our visitor industry.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State. Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of **HB2412**.

Mahalo,



Garrett W. Marrero
CEO/Founder

HB-2412

Submitted on: 2/1/2018 11:25:23 AM

Testimony for CPC on 2/2/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua	Maui Brewing Company	Support	Yes

Comments:

I , Joshua Guidi, am a Department Head with Maui Brewing Company on the island of Oahu. We here at Maui Brewing Company are leading the forefront on Craft Brewing and sustainability, as well contributing back to our local communities. I have been with the company for a fairly short period of time, two years, and can testify that in that very short period of time that this company goes over and beyond to due its due diligence to keep it integrity and highest quality product to our guests and supporters.

In the near future, our Brewery plans on being fully solar polared and introducing a one of kind CO2 capturing process, which will recycle deadly gases back into the brewery process rather than the atmosphere. We sponsor local oraganiztion fundraisers and plan on opening 3 more local operations which will give back over 500 jobs to our local communities. We are also looking for viable plastic recycling materials to make our retail clothing out of. We need all the help we can get to give back to our communities. Please vote to support us in our endeavors.

I will be willing to get up in person and testify.

Aloha,

Joshua Guidi



Lanikai Brewing Company
175 Hamakua Drive, Unit C
Kailua, Hawaii 96734
www.lanikaibrewing.com

1/31/2018

RE: HB 2412 Relating to intoxicating liquor, Tax rates on Beer and Distilled Beverages with Spirits

Aloha Chair Takumi, Vice Chair Ichyama and House members of the Committee on CPC

Lanikai Brewing Company is a locally owned and operated Craft Brewery here on Oahu and we are in support of HB2412.

Consolidation of tax rates for beer. HB2412 standardizes the tax rate on beer and creates a cleaner and more simple process. The definition of draft should be reserved for beer that flows from a tap and should be independent of draft container size. Modern production has small draft keg sizes that are less than 7 gallons, so this bill addresses those sizes more efficiently. Currently, while serving on draft, if the container is less than 7 gallons, it is taxed at a packaged beer rate for some reason. Since many vendors prefer smaller draft keg sizes, new starting breweries need to provide products that vendors will buy, and small kegs being taxed at packaging rates negatively impacts new brewers.

Hawaii tax rates are already high and in the top 10% of the highest rates in the nation which provides another economic challenge for local craft beer producers.

Tax rates for distilled beverages containing spirits Lanikai Brewing Company is fully licensed as Class 18 which allows us to produce spirits in addition to beer, wine and cider. Currently if we would like to package 1 ounce of a spirit with 11 oz of a natural soda, we will be taxed as 12 oz and based on total volume verses the amount of distilled beverage. Currently there are no locally created cooler beverages and by changing this, we are able to open a new category and provide more made in Hawaii products for our locals and visitors

Thank you for the opportunity to send testimony. This bill will absolutely create new jobs here in Hawaii, strengthen our Made in Hawaii brand value for locals and visitors, as well as allow the industry to flourish and expand. Further, due to the costs of manufacturing here locally, this would allow us small business owners to be more competitive on the national scale furthering growth of jobs here in Hawaii.

Lanikai Brewing Company is an Island Inspired® authentic Hawaiian craft beer company making 100% of our brews here in Hawaii. We take our cues from premium, local, rare, and exotic ingredients grown by local farmers and foraged across the Pacific to bring you bold and flavorful beers that you will find nowhere else utilizing Hawaiian terroir. **Please note that variances in growing season conditions can impact batch-to-batch flavor and aroma profiles.

‘Ōkole Maluna,

Steven R Haumschild

Steve Haumschild, MBA
CEO & Brewmaster
Certified Cicerone®
Lanikai Brewing Company, Island Inspired™ Craft Beer



Cindy Goldstein
Executive Director
Hawaiian Craft Brewers Guild
98-814 C Kaonohi Street
Aiea, HI 96701

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

The Hawaiian Craft Brewers Guild is a non-profit Hawaii trade organization that seeks to promote production of independent craft beer in Hawaii. The number of independent craft breweries in Hawaii continues to grow, and several breweries have recently, or are in the process of expanding. The Hawaiian Craft Brewers Guild is united in our pursuit to promote economic activity for Hawaii's beer manufacturers and enhance opportunities in our communities. Our members represent the majority of the craft beer producers in Hawaii, with members producing 100% of their beer in Hawaii.

Tax on Spirit Beverage Cooler

The Hawaiian Craft Brewers Guild is seeing an increase in the number of craft breweries that are producing distilled spirits in Hawaii and across the United States. Companies on the mainland are already exporting small volumes of spirit beverage coolers in cans and bottles to Hawaii. Local spirit distillers wanting to manufacture a spirit beverage are required to pay tax on the total volume of the beverage, rather than on just the amount of distilled spirit contained in the beverage. This creates a significant disadvantage for a Hawaii producer and has discouraged local distilled spirit producers from developing these beverages.

Cooler beverages made in Hawaii with distilled spirits produced in Hawaii are a new potential product line. This would bring a stream of tax revenue that does not currently exist, as a newly created and defined category of product is created and offered to consumers.

Development and production of spirit beverages encourages additional use of Hawaii grown agricultural products used as ingredients, for example tropical fruits, coffee, ginger, lemon grass and other locally grown products. The Hawaiian Craft Brewers Guild embraces support of Hawaii farmers and their locally grown crops.

Tax on Beer

HB2412 standardizes and simplifies the tax rate on beer, minimizing confusion about definitions. The definition of draft is not what we usually think of as draft beer from a tap. Current statute defines the term draft according to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. SB2412 seeks to simplify terminology and eliminate the vague definition “draft beer” by using the word beer.

Some breweries, especially smaller craft breweries and those just starting out will serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer they serve on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage. With changes proposed in SB2412, beer would now conform more closely with a single term for tax rates based on gallonage.

Hawaii has a high beer tax compared to other states, in the top 10% for highest beer tax rates. A map has been submitted showing Hawaii is ranked in the top 5 for highest beer tax rates in the United States. This bill helps even out the economics of production for Hawaii’s breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii’s craft beer producers.

HB 2412 was created to support Hawaii’s craft beer producers. This economic sector continues to grow, with at least 5 new breweries or brewpubs opening in 2017/2018. Increasing numbers of craft breweries is a national trend. As more breweries open in Hawaii and existing breweries expand and increase production, more jobs are created and the state derives increased revenue from income and business taxes. According to recent figures from the Brewers Association, Hawaii had eight breweries in 2013 and we now have about 15 at the end of 2017. This increase in number of breweries provides new and increased tax revenue for the state.

A chart is provided showing data compiled by state by the Alcohol and Tobacco Tax Trade Bureau. The table clearly shows a significant increase in production and taxable volume during the 2007 to 2016 time period. Cans and bottles have almost doubled in taxable volume from 2014 to 2016, but in some years we have seen a shift away from cans and bottles when the economics become more difficult.

A number of breweries are going to canning which supports another local Oahu business. The single tax rate proposed in HB2412 encourages breweries to increase production volume and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running their can manufacturing at full production.

The Hawaiian Craft Brewers Guild appreciates consideration of HB2412 and we urge you to pass this bill. Thank you for the opportunity to provide testimony in support of HB2412.

REAL a gastropub

506 Keawe Street
Honolulu, Hawaii, 96813

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realgastropub.com

February 1, 2018

House Committee on Consumer Protection & Commerce
Friday, February 2nd, 2018, 2:00 pm
State Capitol, Conference Room 329

Re: HB 2412, Includes distilled beverages containing spirits and added blending materials that contain less than twelve per cent of alcohol by volume in the cooler beverage definition. Deletes definition of draft beer. Applies the tax rate on draft beer to all beer.

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House members of the Committee on Consumer Protection & Commerce

I'm writing on behalf of our small, local family-operated business, REAL a gastropub / Bent Tail Brewing Company in Kakaako on Oahu. We support **HB 2412** which includes redefining distilled beverages containing spirits and added blending materials that contain less than twelve per cent of alcohol by volume in the cooler beverage definition. Deletes definition of draft beer. Applies the tax rate on draft beer to all beer.

These measures can help authentic Hawaiian Craft Breweries continue to grow local manufacturing creating an incentive to grow and reinvest in equipment and employees.

A passage of this bill will help create more jobs, help pay more wages, to create new products, and allow breweries to grow not only in numbers but in volume, and ultimately reinvest in our communities growing the overall industry of locally made beverages.

Hawaiian manufacturing and producers operate under the highest cost conditions of any State. This has served to limit the availability of true, locally produced selections and give rise to a host of "faux-Hawaiian" products. As an isolated State we must invest in local manufacturing, these are jobs with good wages and benefits that can provide careers for our residents. Further if Hawaii is to continue to compete in the world of tourism it is important for us to deliver an authentic Hawaiian experience in our products; this bill helps us to continue on our path of recent growth and success.

REAL a gastropub was founded initially in 2012 with 18 original employees as a community gathering place serving local cuisine and hand-crafted beers. We are relocating, rebuilding our flagship and incorporating a 7BBL brewery named Bent Tail Brewing Company into our new location at Keauhou Lane in Kakaako. We will be able to grow into a team of 40 Honolulu residents that sells award winning beers throughout Oahu and with a focus on using local sources for our food as we have since our opening and now add this principal to our beer. We have done this in the face of significant challenges to growth at all levels; financial, shipping,

taxation, legislative and more. Changes like this bill can help us continue our success and help others to do the same. We appreciate the on-going support of all individuals and legislators who support issues which enable local manufacturers and businesses to thrive in Hawaii.

Mahalo for your consideration, We urge you pass this bill. Thank-you for the opportunity to provide testimony in support of HB 2610.

Sincerely,

Troy Terorotua

Troy Terorotua

Founder & Owner

REAL a gastropub / Bent Tail Brewing Co

605 Keawe Street

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troy@realgastropub.com

Cell# 808-741-7373



Beer Lab HI

Nicolas Wong
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808 542-7015
Nicolas@beerlabhi.com

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Nicolas Wong, I live in Honolulu and I am the CEO of Beer Lab HI brewery doing business in Honolulu. Our brewery began in 2016 with 3 employees. We now provide 12 jobs in Hawaii.

We at Beer Lab HI support HB 2412 because simplification of the tax rate will help a small brewery from overpaying on our taxes.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries and allows for hiring of additional employees for jobs such as delivery and stock manager.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this



encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.



KAUAI ISLAND BREWING CO.

PORT ALLEN, HAWAII

February 1, 2018

HB 2412
Relating to Intoxicating Liquor

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Bret Larson and I am the owner of Kauai Island Brewing Company doing business in Eleele, Kauai. Our brewery began in 2012 with 25 employees. We now provide 35 jobs in Hawaii. I support HB 2412.

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a disadvantage for Hawaii's producers.

Development and production of spirit beverages encourages additional use of Hawaii grown agricultural products used as ingredients, for example tropical fruits, ginger, lemon grass, coconut.

Further it standardizes and simplifies tax rate. Minimizes confusion about definitions. Definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. Bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Some breweries, especially smaller craft breweries and those just starting out will serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer they serve on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

HB 2412 was created to support Hawaii's craft beer producers. Our economic sector continues to grow, with at least 5 new breweries or brewpubs opening in 2017/2018. Increase in number of craft breweries is a national trend. As more breweries open in Hawaii and existing breweries increase production, more jobs are created and the state derives increased revenue from income and business taxes.

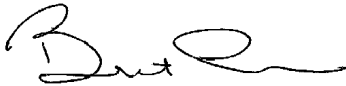
Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

Most Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill reduces the tax burden on smaller breweries, many them self-distributing.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Sincerely,



Bret Larson
Owner, President, Kauai Island Brewing Company, LLC.
808-755-5926
bret@kauaiislandbrewing.com

Kauai Beer Company

Logo optional

James Guerber

4265 Rice Street

Lihue, HI 96766

808 639 7821

jim@kauaibeer.com

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Jim Guerber and I am the President of the Kauai Beer Company, located in downtown Lihue, Kauai on Rice Street. We have been in business here since 2006 and began formally serving beer in September 2013. We have been instrumental in the effort to revitalize our downtown and are widely recognized for our contribution in that regard. We are in the process of renovating an adjacent space, which will dramatically enhance our ability to serve a larger customer base, increase production and increase our personnel, which is presently 34 full and part-time personnel.

The Kauai Beer Company supports support HB 2412 for the following reasons:

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries and would cause us to seriously examine our position vis a vis distribution.

The higher tax rate of 93 cents is considered a package tax. By having a lower tax rate, this would encourage us to increase production and entertain manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Thank you for the opportunity to provide testimony in support of HB 2412.

Jim Guerber
President
Kauai Beer Company



Kohola Brewery

Ian Elumba

910 Honoapiilani Highway #55

Lahaina, HI 96761

808-740-1499

ie@koholabrewery.com

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Ian Elumba, I live in Kihei, Maui and I am the (Co-Founder/Co-Owner) of Kohola Brewery, located in Lahaina, Maui. Mahalo for the opportunity to submit testimony, I apologize that I could not be there in person as my growing business needs me present. Kohola is a minority owned, family owned, employee owned brewery. Our brewery began in 2015 with 1 employee. We now provide 7 jobs in Hawaii.

Kohola Brewery supports HB 2412 because

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on

tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their workload and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Kohola Brewery just purchased a new canning line. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.



64-1066 Mamalahoa Highway
Kamuela, Hawaii, 96743

T 808-887-1717
F 808-885-0653
BigIslandBrewHaus@Yahoo.Com

BigIslandBrewHaus.Com

February 1, 2018

House Committee on Economic Development & Business
Wednesday, February 2nd, 2018, 8:45am
State Capitol, Conference Room 309

Re: HB 2412, Includes distilled beverages containing spirits and added blending materials that contain less than twelve per cent of alcohol by volume in the cooler beverage definition. Deletes definition of draft beer. Applies the tax rate on draft beer to all beer.

Aloha Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

I'm writing on behalf of our small, local family-operated business, Big Island Brewhaus in Kamuela on the Big Island. We support **HB 2412** which includes redefining distilled beverages containing spirits and added blending materials that contain less than twelve per cent of alcohol by volume in the cooler beverage definition. Deletes definition of draft beer. Applies the tax rate on draft beer to all beer.

These measures can help authentic Hawaiian Craft Breweries continue to grow local manufacturing creating an incentive to grow and reinvest in equipment and employees.

A passage of this bill will help create more jobs, help pay more wages, to create new products, and allow breweries to grow not only in numbers but in volume, and ultimately reinvest in our communities growing the overall industry of locally made beverages.

Hawaiian manufacturing and producers operate under the highest cost conditions of any State. This has served to limit the availability of true, locally produced selections and give rise to a host of "faux-Hawaiian" products. As an isolated State we must invest in local manufacturing, these are jobs with good wages and benefits that can provide careers for our residents. Further if Hawaii is to continue to compete in the world of tourism it is important for us to deliver an authentic Hawaiian experience in our products; this bill helps us to continue on our path of recent growth and success.

Big Island Brewhaus was founded initially in 2008 with 9 original employees as a community gathering place serving local cuisine and hand-crafted beers. We have grown into a team of 40 Big Island residents that sells award winning beers throughout Hawaii and is focused on using local sources for our food and beer. We have done this in the face of significant challenges to growth at all levels; financial, shipping, taxation, legislative and more. Changes like this bill can help us continue our success and help others to do the same. We appreciate the ongoing

support of all individuals and legislators who support issues which enable local manufacturers and businesses to thrive in Hawaii.

Mahalo for your consideration, We urge you pass this bill. Thank-you for the opportunity to provide testimony in support of HB 2610.

Sincerely,

Thomas D. Kerns

Thomas Kerns

Founder & Brewer

Big Island Brewhaus

64-1066 Mamalahoa Highway

Kamuela, HI, 96743

BigIslandBrewhaus@yahoo.com

Cell# 808-276-3301



MAUI
BREWING CO

January 31, 2018

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Russell Adkins, I live in Pukalani, Maui and I am the CFO at Maui Brewing Company doing business in Kihei, Kahana, Waikiki, and soon Kailua, HI. Our brewery began in 2005 with 23 employees. We now provide several hundred jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses. Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

Handcrafted Ales & Lagers Brewed with Aloha

605 Lipoa Parkway, Kihei, HI 96753

808.213.3002

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Sincerely,



Russell Adkins, CFO

HB-2412

Submitted on: 2/2/2018 7:31:56 AM

Testimony for CPC on 2/2/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Collins		Oppose	No

Comments:

Aloha, my name is Rick Collins and I am the current chair of the Hawai'i Alcohol Policy Alliance, an organization focused on evidence-based alcohol policy reform to decrease the community's harms from excessive alcohol consumption. We have been following a number of bills related to alcohol and HB2412 is especially concerning. The research and recommendations from both the Centers for Disease Control and the World Health Organization state that higher excise taxes on alcohol are one of the strongest prevention strategies in reducing drunk driving rates, decreasing the overall excessive consumption of alcohol, and preventing violence in the community. By re-classifying cooler beverages, you propose to reduce the tax on these beverages from \$5.98 to \$.85 per wine gallon. This is counter to the research that shows to reduce the tax on these beverages would increase the community's risk for greater excessive alcohol consumption, which could lead to more incidences of drunk driving and violence in our community. Second, youth consumption is directly linked to the price of alcohol. This argument can be clearly seen in the increase in tobacco tax over the past few decades and that led to significant reductions in youth tobacco use. The same is true for alcohol. This drastic tax cut proposal to alcohol will certainly see youth consumption increase, along with the damaging consequences associated with underage drinking. The Hawai'i Alcohol Policy Alliance strongly opposes this bill and implores the CPC committee to exercise your power to oppose it as well. Mahalo for your time and attention.

Various Testimonies in SUPPORT

#	NAME	#	NAME	#	NAME
1	Jon DuPont*	37	Katherine LeVon	73	Bethany Gingerich
2	Blair Anderson	38	Allie Kettig	74	Taylor Lincoln Alvado
3	Lilah Inaba*	39	Cora Kanoelane Clark	75	Elaena Akau
4	Elijah Cippy	40	Cheryl Schlosswer	76	Jazmin Salazar
5	Chris Pruitt	41	Ian Williford	77	Clarisse Spence
6	Kiele Hopkins	42	Anna Rose Smith	78	Jake DeArmn
7	Ryan Kobel	43	Jahya Costa		
8	Daniela Matteoni	44	Kalena Shift		
9	Robert Hunt	45	Gretchen Seita		
10	William Christian	46	Ash Wiscoritch		
11	Jacob Carachoo	47	Jan Purvis		
12	Jessica Berry	48	Lindsey Wry		
13	Sarah Becker	49	Risa Yarborough		
14	Josh Scoggins	50	Nathan Rihm		
15	Sue Steirer	51	Chris Thibaut*		
16	Valerie Cordora	52	Andrew Nelson*		
17	Cynthia Rocha-Rivera	53	Oliver Dev		
18	Jesse Houck	54	Alex Pyle		
19	Scott Lilly	55	Nicholas Wittehiend		
20	Molly Jones	56	Zach Pachuuo		
21	Lauren Greenwood	57	Julio Barboza		
22	Miles Kreisberg	58	Xon Hari		
23	Bridges O'neill	59	Danielle Kimball		
24	Krysti Kokot	60	Sylva Celhova		
25	Tim Clark	61	Thatiana Remor		
26	Kelsey Weiss	62	Marla Fowler		
27	Raymond Sheridan	63	Jessica Pellazar		
28	Jason Smith	64	Daniel Morris		
29	Autumn S.	65	Johanna Talley		
30	Neeve McGrath	66	Paul Foreman		
31	Jackolynn Carey	67	Hollis Romanchik		
32	Ashley Benz	68	Jacqueline Schmidt		
33	Kaili Kosaka	69	Kelsey Shafter		
34	Momica Mikolajczyk	70	Leilani Coutsos		
35	Amber Rinker	71	Catherine Casey		
36	Danell Dea'Liesse	72	Adam Racioppi		

Maui Brewing Company

Name: Jon DuPont

Address: 47A Heona Pl., Kihei, HI

Phone: 208-301-8688

Email: jond@mauibrewing.com

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Jon DuPont, I live in Kihei, Maui and I am a Brewing Supervisor the Maui Brewing Company brewery doing business in across all of Hawaii, as well as distribution to mainland and other countries. Our brewery began in 2005 with 20+ employees. We now provide 500+ jobs in Hawaii.

I support HB 2412 because this simplification will help us by consolidating and simplifying the burden of tax regulations on our industry, as well as clarifying the meaning of certain terminology.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses. Even here at Maui Brewing Company, the largest producer of craft beer in Hawaii, we do a vast amount of business with accounts that only have room to store 5 gallon kegs so we simply cannot do business with them in a larger package size. This creates an undo burden upon all breweries in the state.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries. This bill helps smaller breweries to compete with large breweries on an equal footing.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business (Ball Corp). By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Furthermore, cans are a much more sustainable package than glass, and present far less of a danger to our fragile environment than glass.

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

We will be moving into distilling in the future and packaging thereof so this directly impacts Maui Brewing Company and our 500+ employees.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized first name followed by a last name with a long horizontal flourish extending to the right.

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Blair Anderson and I live in Lahaina, HI and I am a restaurant manager doing business in Kahana, Maui. Our brewery began in 2005 with a handful of employees. We now provide hundreds of jobs in Hawaii.

I, Blair Anderson support HB 2412 because it will limit confusion for the producer

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses. (If this impacts your brewery, add that in here)

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Sincerely,





Lilah Inaba
140 Uwapo Rd., 7-101
Kihei, HI 96753
808.868.2365
lilahi@mauibrewingco.com

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Lilah Inaba, I live in Kihei (Maui) and I am the Controller at Maui Brewing Co. doing business in Kihei (Maui). Our brewery began in 2005 with 32 employees. We now provide 500+ jobs in Hawaii.

I support HB 2412 because

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

Maui Brewing Co. was one of the first breweries to package our product in cans, allowing us to compete and expand our distribution on the mainland. That expansion and distribution has helped our company grow to be the largest craft brewer in Hawaii.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production.

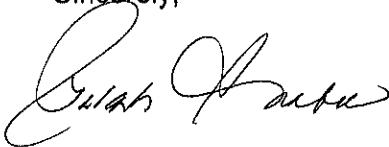
Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

Maui Brewing Co. is also looking to expand our operations with distilling spirits. This bill will assist us in growing our company further.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lilah Inaba".

Lilah Inaba

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is ELISHA CUNY, I live in WAIKIKI, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

Tax rate for distilled beverages containing spirits

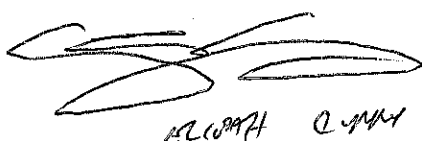
We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,


ELISHA CUNY 2/1/18

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Chris Penitt, I live in Kihei, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: Support

My name is Kiele Hopkins, I live in Haiku, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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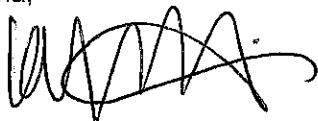
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

 2/1/18

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is RYAN Kobel I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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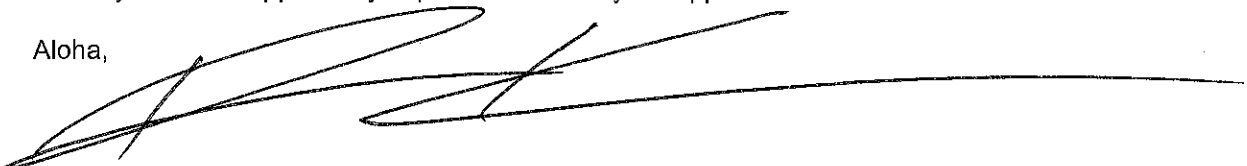
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Daniela Matteoni, I live in Makawao and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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Mahalo for your consideration. We urge you to pass this bill.

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HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Robert Hunt, I live in Kihei HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is William Christian, I live in Pala, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: Support

My name is Jacob Carrachon live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jessica Berny, I live in Lahaina and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Sarah Becker I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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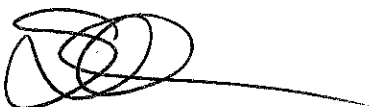
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

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HB 2412

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is John Suggins I live in Hawaii and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is SUE STEIRETZ, I live in WAILUKU, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: Support

My name is Valerie Cordova, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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Aloha,

Valerie Cordova

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: Support

My name is GYNTHIA ROCHA-RIVERA, I live in KIHEI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jesse Houck, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Scott Lilly, I live in Waialeale and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Molly Jones, I live in Kihui HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihui, Waikiki and Kailua on Maui and Oahu.

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Lauren Greenwood, I live in North Kona and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Miles Krusberg, I live in Maui Wao and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

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House Committee on CPC: Consumer Protection & Commerce

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Budget O'Neil, I live in Kula and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

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Position: **Support**

My name is Kristi Kokot, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

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Tax rate for distilled beverages containing spirits

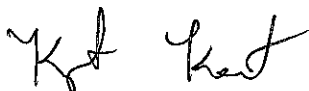
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Tim Clark I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Kelsey Weiss I live in Pohakalani and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

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House Committee on CPC: Consumer Protection & Commerce
 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Raymond Sheridan; I live in Kihei, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

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Aloha,  2/1/2018

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jason Smith, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

 2/1/18

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Autumn S., I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Neve McGrath live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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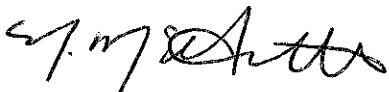
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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jacquelyn Carey Kihel, I live in Kihel and I work at Maui Brewing Co. with business locations in Lahaina, Kihel, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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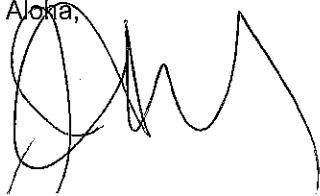
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HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Ashley Benz I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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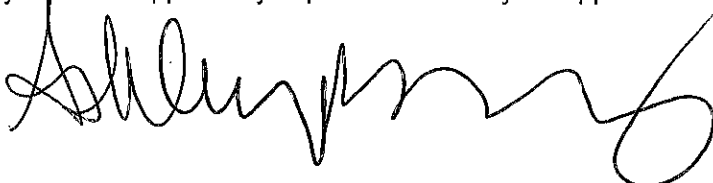
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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Kaili Kosaka, I live in Wailuku, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihel, Waikiki and Kailua on Maui and Oahu.

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Tax rate for distilled beverages containing spirits

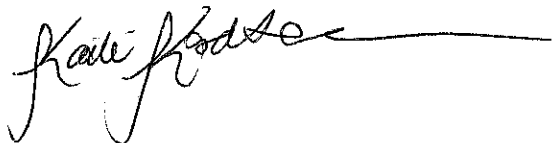
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Mowca Mikolajczyk, I live in HaiKU, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

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Position: **Support**

My name is Amber Rinker I live in Wailuku and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Danell DeLesse, I live in Kihei, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Katherine LeVan, I live in Kihai and I work at Maui Brewing Co. with business locations in Lahaina, Kihai, Waikiki and Kailua on Maui and Oahu.

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Allie Reddig, I live in Haiku and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Gora Kanelane Clark live in Waikapu Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Cheryl Schubert I live in Honolulu and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Tam Wiliford, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Anna Rose Smith, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Jahya Costa, I live in Lahaina, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Valerie Smith, I live in Honolulu and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Gretchen Seida live in Waiuku and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Don Wisniewski, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Jan Purvis, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Lindsay Wren, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

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Position: **Support**

My name is Ben Jarborough I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Position: **Support**

My name is Nathan Rihm, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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Aloha,



Maui Brewing Co.
605 Lipoa Parkway
808-213-3002

HB 2412

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Chris Thibaut, I live in Kailua, Oahu and I am the CEO of Maui Brewing Company Restaurants, doing business on Maui and Oahu. We provide over 350 jobs through our restaurants.

I support HB 2412 because it standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

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MAUI
BREWING CO

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MAUI BREWING CO. RESTAURANT GROUP

Date: 01/28/18
Name: Andrew Nelson, Vice President
Address: 436 Uluniu Street
Kailua, HI 96734
Phone: 808-281-7865
Email: andrew@mbcrestaurants.com

HB 2412

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Andrew Nelson, I live in Honolulu and I am the Vice President of Maui Brewing Restaurant Group with restaurants in Waikiki, Oahu, Kihei, Maui and Kailua, Oahu (in construction). The restaurants are related to the Maui Brewing Co. brewery, which began in 2005 with only a handful of employees. We now—together with the brewery—provide over 300 jobs in Hawaii.

I support HB 2412 because it simplifies taxation related to beer and spirits in a manner that promotes the ability of local breweries and distillers to survive in Hawaii's extremely challenging business environment. The survival of those businesses is critical to the employment of thousands of people across the state and the perpetuation of agriculture in Hawaii (via value added Hawaii-made products).

Consolidate beer tax to one rate

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Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.

Respectfully and Sincerely,



Andrew Nelson
Vice President, Maui Brewing Restaurant Group

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is OLIVER DEW, I live in WAILUKU and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

Hawaii has a high beer tax compared to other states and is in the top 10% for highest beer tax rates. This bill helps even out the economics of production for Hawaii's breweries where cost of ingredients and production are high compared to other states. Higher tax rates present an additional economic challenge for Hawaii's craft beer producers.

Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Alex Pyle, I live in Wailuku, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Nicholas Whitteland, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Zada Pacheco, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Julio Barboza, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Robert Adams, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Danielle Kimball, I live in Waiuku and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

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Aloha,

Danielle Kimball

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Julia Cervino, I live in Wailea and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Thathiana Renior, I live in Haiku, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

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Position: **Support**

My name is MARLA FONLER, I live in KIHEI, MAUI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha, *Marla Fowler*

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Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jessica Pellazar, I live in Kahului, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on how its sold. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

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Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

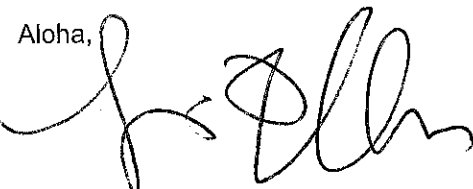
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,


HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: Support

My name is Daniel MONTZ, I live in Waikapu, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Johanna Tully, I live in Kula, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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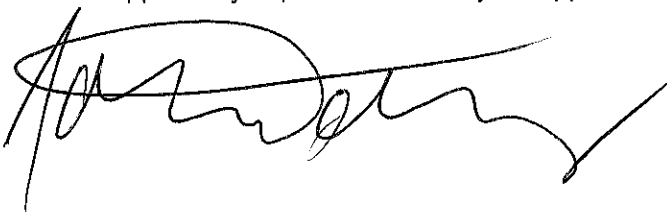
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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Paul Foreman, I live in Makawao HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

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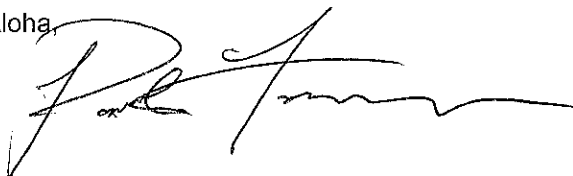
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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Hollis Romanchik, I live in Kihei, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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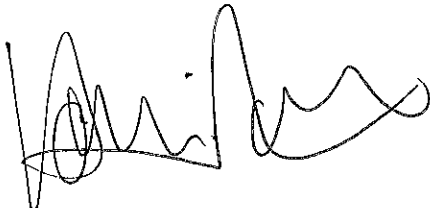
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Mahalo for your consideration. We urge you to pass this bill.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jacqueline Schmidt, I live in Paia, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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House Committee on CPC: Consumer Protection & Commerce
 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Kelsey Shaffer, I live in Wailuku and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
 Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Leilani Coutros, I live in Kihei, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Catherine Casey, I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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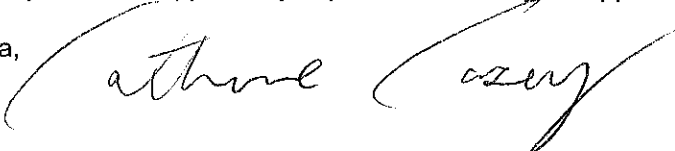
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House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is ADAM RACIOPPI, I live in WAILUKU and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

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Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon or 2 gallon kegs. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. The bill helps support new startup brewery businesses.

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Many of Hawaii's small craft breweries self-distribute which increases their work load and cost of operation. This bill helps to reduce the tax burden on smaller breweries.

The higher tax rate of 93 cents is considered a package tax. Many local breweries are going to canning which supports another local Oahu business. By having a lower tax rate, this encourages breweries to increase production and manufacturing using cans, which supports the local Ball plant in Kapolei, currently not running at full production. Also, many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disincentive to local packaging which decreases the purchases from other local manufacturers (cans, cardboard, etc)

Tax rate for distilled beverages containing spirits

We are experiencing an increase in the number of businesses producing locally distilled beverages. Companies on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a distilled spirit cooler beverage is based on total volume of the beverage rather than just the amount of distilled spirit in the beverage, creating a high tax rate and disadvantage for Hawaii's producers. Beer is the only beverage with this disparity in tax rates. Wine and spirits both have a uniform tax rate based on gallonage.

This year Maui Brewing Co. will begin adding natural craft sodas, distilled spirits, cider and canned cocktails to our distributed lineup. These additional local beverage lines will add to not only our employment base but that of our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the support of the State when working to increase manufacturing within the State.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Bethany Ginzard I live in Kihei and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Taylor Lincoln Pardo, I live in Kihei, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Elaena Akou, I live in Makawao Hi (Maui) and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha



Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce

Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jazmin Salazar, I live in Waiehu and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

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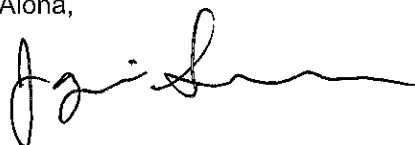
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,



HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is CLARISSE SPENCE, I live in KIHEI, MAUI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

Clarisse Spence

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce

Position: **Support**

My name is Jake DeArman, I live in Kahului, HI and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2412 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Consolidate beer tax to one rate

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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2412.

Aloha,

HB 2410
Relating to Intoxicating Liquor, Brewpubs and Small Craft Producer Pub Licensees

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is _____, I live in _____ and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Waikiki and Kailua on Maui and Oahu.

Our brewery began in 2005 with 26 employees. We now have a team of over 550 in Hawaii.

I support HB 2410 because it will help our team and other craft breweries to grow and create jobs in Hawaii.

Breweries and tap rooms are popular places to meet friends and family. HB2410 allows minors to be part of family friendly gatherings, encouraging responsible drinking. We are part of a growing business sector. Restricting families from being together at a brewpub reduces the number of customers visiting our county's brewery tasting rooms. Increasing the ability of local residents and visitors to experience Hawaii's breweries expands brand recognition and the market for all Hawaii craft beer. Visitors with families especially are affected as there is no way to accommodate them on their visits. This hurts the local tourism climate for breweries.

Some of our counties do not allow minors to be in brewpubs and taprooms if they do not have a licensed kitchen that provides a defined percent of revenue, even if accompanied by a parent or guardian of legal drinking age. We support having less confusing and more consistent policies for the presence of minors in our brewpubs and taprooms, accompanied by a parent or guardian.

We have cruise ships and tourists from organized tours visiting our brewery. Cruise ship and other tourism visitors are discouraged from visiting brewpubs and taprooms in Hawaii when family members that are minors are not allowed on the premises, even if accompanied by a parent or guardian of legal drinking age.

Breweries and taprooms are not always tied to a kitchen serving food. Our brewery in the past offered food from food truck vendors; yet this did not meet the rules of the County LC as a company owned, licensed kitchen was required. Rules event state the protein and carbohydrate ratios of foods served. This is an over-reaching application of rule.

Minors visiting breweries and tasting rooms that offer tours and education about craft brewing are able to broaden their thinking about career opportunities, providing a future local resident base of employees for Hawaii craft breweries and pubs. A majority of brewing jobs in the State of Hawaii are filled by applicants from the mainland and abroad. Providing young people with an opportunity to learn about and experience craft brewing at a brewery also provides exposure for potential careers, similar to culinary career opportunities.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2410.

Aloha,

Homebrew in Paradise

Bill Sumrow
740A Moowaa Street
808-834-2739
bill@homebrewinparadise.com



HB 2412

Relating to Intoxicating Liquor, Tax Rates on Beer and Distilled Beverages with Spirits

House Committee on CPC: Consumer Protection & Commerce
Friday, Feb 2, 2018 at 2:00 p.m. Conference Room 329

Chair Roy Takumi, Vice Chair Linda Ichiyama, and House Members of the Committee on Consumer Protection and Commerce,

Position: **Support**

My name is Bill Sumrow, I live in Honolulu, HI and I am the owner of Homebrew in Paradise, Oahu's only Homebrewing Supply Store, and a Founding Partner in Broken Boundary Brewery, LLC., a brewery in planning in the Kalihi Neighborhood of Honolulu, HI. Our brewery is planned to open in Q3/Q4 of 2018 with 6 employees.

We here at Homebrew in Paradise and Broken Boundary Brewery, LLC supports HB 2412 because it helps to simplify our planning and financial analysis of the endeavor as well as help us innovate in product development. In addition, there are many enterprising entrepreneurs that are hoping to start breweries, wineries, and distilleries of their own and a simplified tax rate would help support their dreams.

Consolidate beer tax to one rate

HB2412 standardizes and simplifies the tax rate on beer. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer from a tap, it refers to a size of container that the beer is dispensed from. Draft related to tax rates refers to a container of 7 gallons or more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying and making tax terminology less confusing.

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Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of HB 2412.