

LATE



Kohola Brewery
Ian Elumba
910 Honoapiilani Highway, #55
Lahaina, HI 96761
808-740-1499
ie@koholabrewer.com

SB 2712 Relating to Tax Rate on Beer and Cooler Beverages
Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10 a.m. Room 211

Position: **Support**

Chair Senator Donovan Dela Cruz, Vice Chair Senator Gilbert Keith-Agaran, and members of the Senate Ways and Means Committee,

My name is Ian Elumba, I live in Kihei, Maui and I am the Co-Founder of Kohola Brewery doing business in Lahaina, Maui. Our brewery began in 2015 with one employees. We now provide 7 jobs in Hawaii.

SB 2712 would help reduce our expenses in manufacturing beer, as you know, its very costly to operate a manufacturing business in Hawaii, especially with the high cost of shipping, utilities, labor cost, etc.

Consolidate beer tax to one rate

SB2712 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.

We ourselves at Kohola have been paying a larger amount of tax due to our misunderstanding and confusion of the definition of the term "draft", we would like clarification and consolidation to one beer tax rate.

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

Thank you for the opportunity to provide testimony in support of SB2712.

SB 2712

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

LATE

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Anson J.K. Sylva, I live in Makawao, in Maui County 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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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.

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.

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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Kevin Ammon, 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 SB2712**

My name is Jon DuPont, 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 SB2712**

My name is Ryan Brittle, 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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Position: **Support SB2712**

My name is Corbin Bennett, 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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Position: **Support SB2712**

My name is Monica Hanley, I live in Lahaina 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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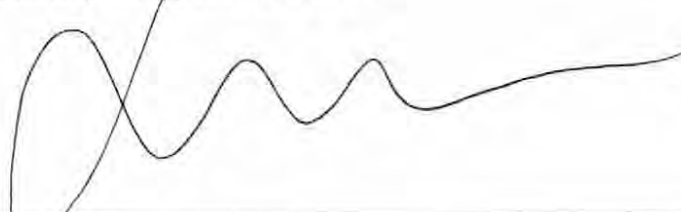
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2-3-18

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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Tare Kiele Sauer-Kachuaa 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.

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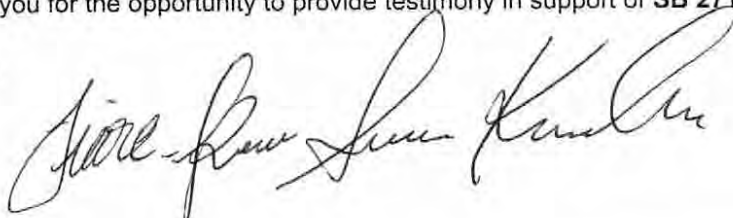
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Position: **Support SB2712**

My name is Nick VanDem, I live in 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 SB2712**

My name is Sean Parker, 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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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 **SB 2712**.

Aloha,



LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Amanda Hargreaves and I live in Lahaina 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 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)

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

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Senate Committee on Ways and Means

Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Ross Anderson, I live in Napili and I work at Maui Brewing Co. with 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii. It will also create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 standardizes and simplifies the tax rate on beer. No other beverage has a different rate based on the size of container. This bill minimizes confusing definitions. The definition of draft is not what we usually think of as draft beer. Draft related to tax rates refers to a container more, which creates confusion in terminology. This bill encourages compliance with laws by simplifying a terminology less confusing.

Smaller craft breweries and those just starting out will often serve beer on draft from taps from 5 gallon containers. Under the draft beer definition the beer served on tap is not in the draft category and taxed at a higher rate. This bill will 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 will help 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 will help 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. This will support another local Oahu business. By having a lower tax rate, this encourages breweries to increase product lines. Many breweries purchase their cardboard from a plant in Kapolei, currently not running at full production. The higher tax rate on package is a disadvantage for 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. Currently, businesses on the mainland are already exporting small volumes of cocktails in cans or bottles to Hawaii. The current tax for a 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 disadvantage. 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 also our wholesaler partners. Additional wages and taxes will be paid based on growth. It is imperative to have the State when working to increase manufacturing within the State.

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

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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

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Position: **Support SB2712**

My name is Jeremy C Abney, I live in Lahaina and I work at Maui Brewing Co. with 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii. It will also create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

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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 offset the economics of production for Hawaii's breweries where cost of ingredients and production are higher than 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 aims 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 to support 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. Many breweries purchase their cardboard from a plant in Kapolei. The higher tax rate on package is a disadvantage to 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 **SB 2712**.

Aloha,

LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Rafael Garcia, I live in Lahaina and I work at Maui Brewing Co. with 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii. It will also create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

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

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Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is PAIGE HASTU, I live in LAHAINA 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

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

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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Nicole Ciderowich, I live in Lahaina and I work at Maui Brewing Co. with 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii and create an entirely new industry of craft cocktails or spirits cooler beverages.

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 **SB 2712**.

Aloha,

Nicole Ciderowich

LATE

SB 2712

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

Senate Committee on Ways and Means

Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Sydney Batchelder, I live in Lahaina 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 **SB 2712**.

Aloha,



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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: Support SB2712

My name is Chris Newman, I live in Lahaina and I work at Maui Brewing Co. with 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii. It will also create an entirely new industry of craft cocktails or spirits cooler beverages.

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

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Aloha,



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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Austin Colombe, I live in Kahuna, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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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 **SB 2712**.

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

Senate Committee on Ways and Means
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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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.

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

I support **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 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

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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 **SB 2712**.

Aloha,



LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Thalana Remor 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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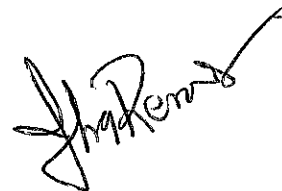
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Mahalo for your consideration. We urge you to pass this bill.

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Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Jessica Serafini, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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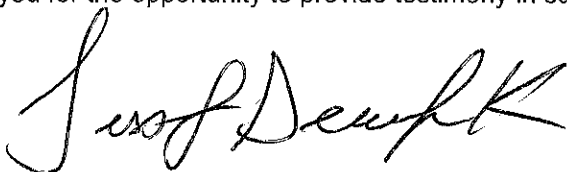
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of **SB 2712**.

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LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: Support SB2712

My name is Chris Thibaut, I live in Kailua, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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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 **SB 2712**.

Aloha,



CHRIS THIBAUT

LATE

SB 2712

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

Senate Committee on Ways and Means

Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Andrew Nelson, I live in Oahu 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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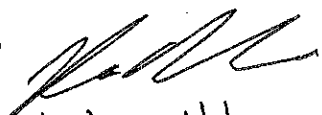
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of **SB 2712**.

Aloha,


Andrew Nelson, Vice President, Maui Brewing Restaurant Group

LATE

SB 2712

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

Senate Committee on Ways and Means

Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is MARSHA HANSEN, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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

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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Mariah Fry, Keene, I live in Kula, 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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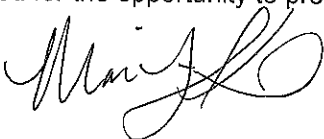
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Mahalo for your consideration. We urge you to pass this bill.

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LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is NICK REISS, 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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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Sean Brodie 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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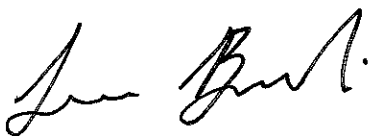
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SB 2712**LATE**

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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is TIM Campos, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 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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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of **SB 2712**.

Aloha,



LATE

SB 2712

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

Senate Committee on Ways and Means

Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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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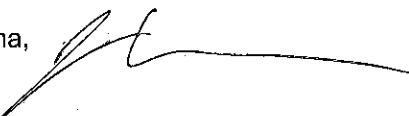
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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Nathan Rahn, 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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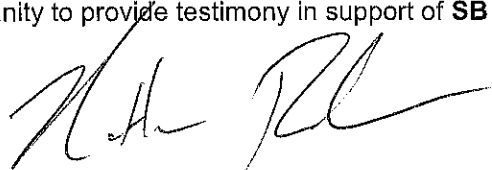
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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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.

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

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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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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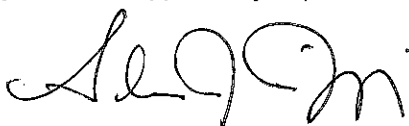
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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Hollis Romanchik, I live in Kihui 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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Position: **Support SB2712**

My name is Howie Smith, I live in 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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My name is Jaqueline 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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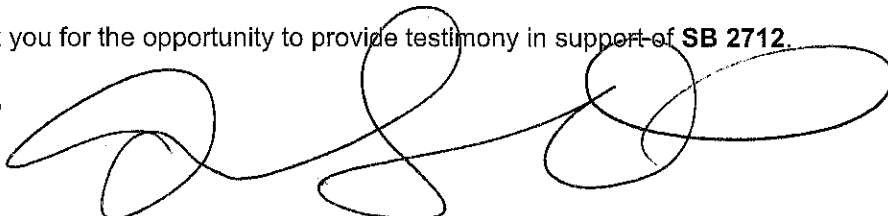
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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Rethany Gingenel, 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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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Zach 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.

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

I support **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 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)

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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 **SB 2712**.

Aloha,

LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Brielle Courville live in Haiuku, 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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Position: **Support SB2712**

My name is Kelsey Snaker, 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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SB 2712

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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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.

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Clarisse Spence

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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Orion Omer-Beauchamp live in Kula 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 Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Met Ryle, I live in Waipahoehoe 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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Position: **Support SB2712**

My name is John Hain, 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 SB2712

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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Position: **Support SB2712**

My name is Taylor Lincoln Aluabo, 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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Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Daniel Morris, 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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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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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 **SB 2712**.

Aloha,

LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: Support SB2712

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.

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

I support **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 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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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Danielle Kimball, I live in Wailuku, Maui and I work at Maui Brewing Co. with business locations in Lahaina, Kihei, Walkiki 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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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Jessica Pellonaz, I live in Rahukui, 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.

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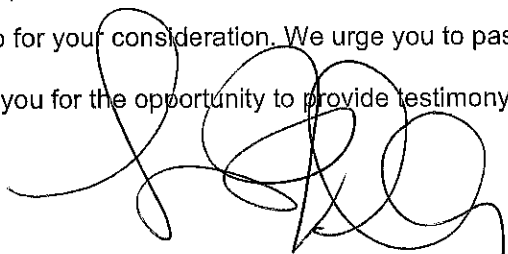
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Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of **SB 2712**.

Aloha,



LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is MARLA FOWLER, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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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 **SB 2712**.

Aloha, *Marla Fowler*

LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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.

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

I support **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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

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SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Leilani Coutos, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

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

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Tuesday, Feb 6, 2018 at 10am. Conference Room 211

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Position: Support SB2712

My name is Elaena Akau, 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.

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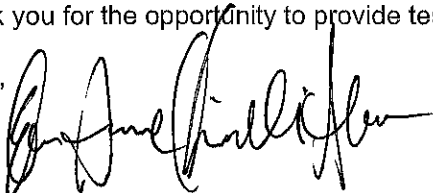
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Mahalo for your consideration. We urge you to pass this bill.

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LATE

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Paul Foreman, I live in 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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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 **SB 2712**.

Aloha,



LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is OLIVER DEV, 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

Consolidate beer tax to one rate

SB2712 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

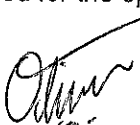
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Mahalo for your consideration. We urge you to pass this bill.

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LATE

SB 2712

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

Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10am. Conference Room 211

Aloha Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, and Senate Members of the Committee on Ways and Means,

Position: **Support SB2712**

My name is Chke 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 **SB 2712** because it will help our team and other craft breweries to grow and create jobs in Hawaii as well as create an entirely new industry of craft cocktails or spirits cooler beverages.

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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.

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

Thank you for the opportunity to provide testimony in support of **SB 2712**.

Aloha,



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

SB 2712 Relating to Tax Rate on Beer and Cooler Beverages
Senate Committee on Ways and Means
Tuesday, Feb 6, 2018 at 10 a.m. Room 211

Position: **Support**

Chair Senator Donovan Dela Cruz, Vice Chair Senator Gilbert Keith-Agaran, and members of the Senate Ways and Means Committee,

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 businesses that are making locally distilled spirits. Production of distilled spirit "cooler beverages" is a potential new source of tax revenue for the State of Hawaii. Companies on the mainland are already exporting small volumes of spirit cooler beverages in cans, bottles and jugs 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. Currently Hawaii law does have a "cooler beverage" category for Malt or Wine based versions, yet Spirits do not. This creates a significant disadvantage for a Hawaii producer and has discouraged local distilled spirit producers from developing these beverages.

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

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. The passage of this bill will also create parity between malt and wine based coolers and spirits based versions.

Tax Rate on Beer

SB2712 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. SB2712 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 Hawaii 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 SB2712, beer would now conform more closely with other alcoholic beverages, defined by a single or uniform term for tax rates based on gallonage.

SB 2712 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. As more breweries open in Hawaii and existing breweries expand and increase production, more jobs are created. The State of Hawaii receives increased tax revenue as our local breweries pay state business taxes and employees pay income tax. 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 submitted with this testimony showing data compiled by state by the Alcohol and Tobacco Tax Trade Bureau. The table clearly shows a significant increase in beer production and taxable volume between 2007 and 2016. While there is a 400% increase in taxable volume in total barrels from 2014 to 2016, the taxable volume for bottles and cans doubled from 2014 to 2016. Making tax rates more uniform, with a single definition for beer, could stimulate increased production of cans and bottles. In some years we have seen a shift away from cans and bottles when the economics become more difficult.

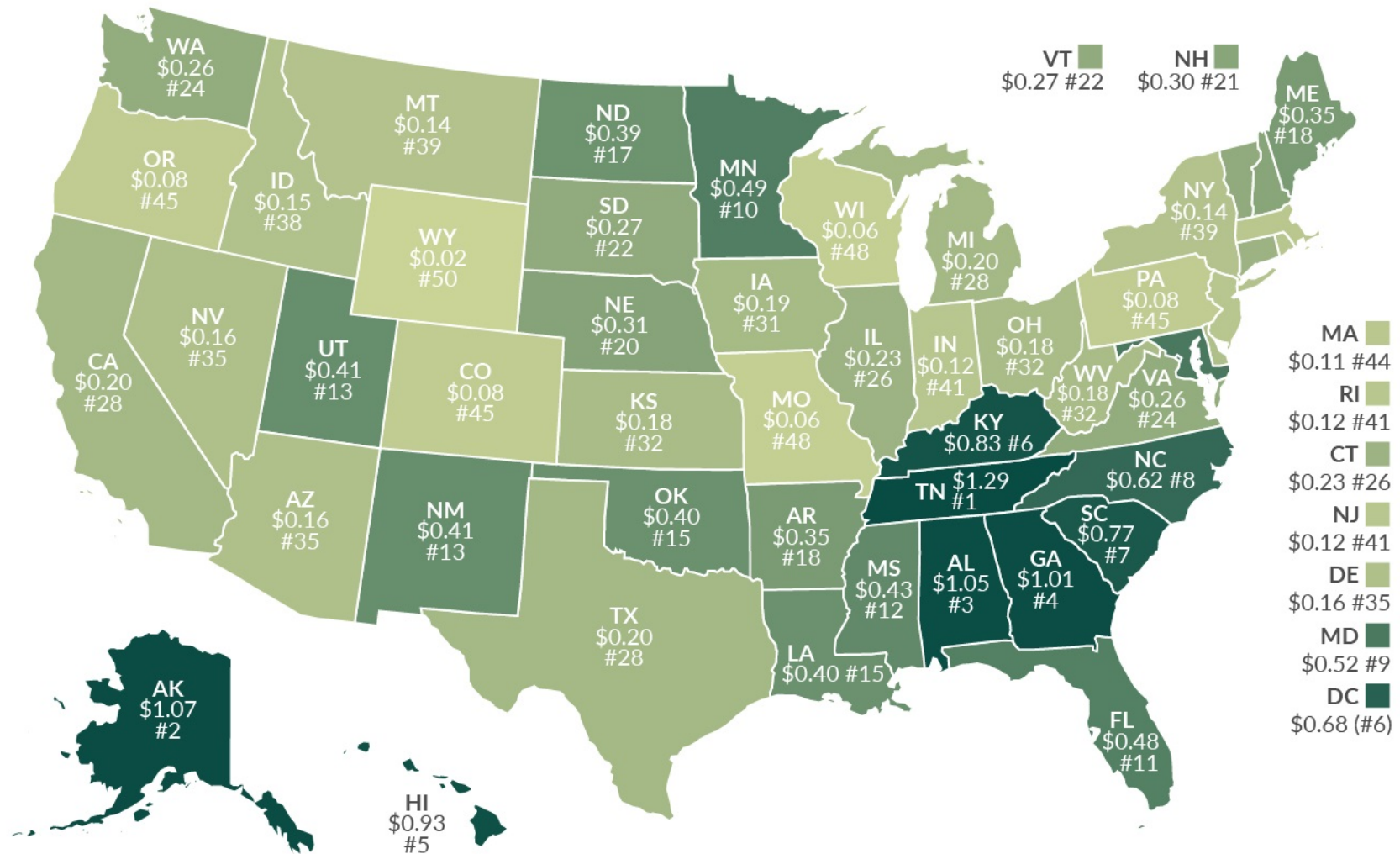
A number of breweries are going to canning which supports another local Oahu business, the Ball Metal Packaging plant in Kapolei. The higher tax rate of 93 cents is considered a package tax for canning and bottling. The uniform tax rate proposed in SB2712 improves the economics of production for craft breweries, encouraging increased production and manufacturing using cans. The Ball plant in Kapolei produces cans for local craft breweries and currently they are not running their can manufacturing at full production

Hawaii has a high beer tax rate compared to other states, in the top 10% for highest beer tax. A map submitted with our testimony shows 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 to the success of Hawaii’s craft beer producers.

Mahalo for your consideration. We urge you to pass this bill.
Thank you for the opportunity to provide testimony in support of SB2712.

How High Are Beer Taxes in Your State?

State Beer Excise Tax Rates (Dollars per Gallon), as of January 2017



Note: Rates are those applicable to off-premise sales of 4.7% a.b.v. beer in 12 ounce containers. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included. FL, HI, ID, IA, KS, MN, NC, ND, OH, OK, TX, UT, VA, WA, and WI also apply different rates according to alcohol content, place of production, size of container, or place purchased (on- or off-premise or onboard airlines). Statewide local rate included in AL (\$0.52) and GA (\$0.53). Sales tax specific to alcoholic beverages included in AR, MD, MN, and DC. Case fees and/or bottle fees which may vary with the size of container included in AR and RI. Wholesale tax rate converted into a gallonage excise tax rate included in KY (10.5%) and TN (17%).

Source: Distilled Spirits Council of the United States.

State Beer Excise Tax Rates (Dollars per Gallon)





ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
TAX DETERMINED (In Barrels)*
 Beer removed for consumption or sale including beer
 removed tax determined for consumption or sale
 in a tavern or on brewery premises
30-Nov-17





STATE	2007	2008	2009	2010	2011	2012	2013	2014	2015**	2016**
AK	2,415.76	2,067.69	2,263.65	1,929.15	2,251.02	2,312.43	2,155.60	2,114.97	4,511.48	13,315.93
AL	658.60	723.53	238.60	161.24	0.00	46.50	130.55	226.25	6,109.99	23,810.78
AR	1,246.00	1,328.35	1,279.34	1,331.85	1,124.98	1,265.93	558.14	657.12	1,609.38	6,091.89
AZ	15,668.09	14,857.81	15,640.69	16,800.24	19,897.83	19,165.96	18,763.52	17,173.00	29,869.10	41,613.95
CA	63,557.26	61,172.74	54,504.99	58,276.38	65,069.70	64,239.95	60,559.56	65,035.40	124,548.20	200,539.43
CO	48,316.88	48,528.59	49,895.79	50,584.87	60,811.37	57,966.73	60,133.43	72,839.26	121,483.14	140,138.41
CT	2,993.33	2,205.67	2,075.57	1,988.38	2,530.80	1,876.05	1,770.05	1,447.60	13,218.19	10,705.61
DC	2,905.21	2,957.74	2,948.61	3,574.26	1,676.54	1,572.75	2,250.90	4,504.30	7,207.31	8,969.72
DE	2,396.49	2,005.33	2,205.38	2,308.99	2,541.38	2,718.28	2,868.28	2,771.70	5,865.02	7,647.56
FL	8,376.90	7,078.61	6,426.66	7,554.46	6,761.68	6,817.80	6,440.29	6,585.28	38,265.32	87,999.72
GA	3,949.61	3,751.97	3,038.61	4,165.69	4,248.35	3,480.30	4,647.37	4,432.32	17,920.74	29,951.97
HI	2,728.47	1,875.20	1,578.85	1,680.25	1,886.65	2,084.01	1,972.63	1,380.60	4,131.20	5,623.03
IA	6,202.53	6,817.26	6,487.26	6,597.31	6,808.03	6,515.51	6,003.19	5,676.54	17,866.34	29,972.93
ID	4,246.57	3,385.10	3,195.88	4,089.04	5,305.86	5,376.69	4,675.48	4,573.66	13,809.09	7,731.33
IL	17,948.66	17,941.55	17,090.05	20,051.70	22,028.03	23,229.73	26,271.03	91,311.09	45,555.44	70,414.10
IN	7,748.24	8,775.27	9,190.01	10,589.68	11,063.82	13,120.19	13,119.35	16,356.60	32,880.57	36,829.47
KS	7,207.89	7,386.89	6,970.03	7,579.85	8,113.96	7,821.78	7,415.82	7,461.26	6,624.10	9,095.51
KY	4,235.65	5,205.78	5,672.58	5,289.92	4,597.34	4,949.54	6,460.08	6,234.52	7,183.35	16,546.76
LA	1,455.94	1,421.57	1,513.57	1,775.20	1,535.77	1,606.10	1,723.51	1,579.10	6,238.54	9,478.51
MA	10,501.79	10,612.91	11,547.20	12,231.98	10,142.24	10,298.65	12,570.98	10,352.16	18,915.57	46,121.77
MD	8,744.83	6,787.24	7,577.58	7,525.49	7,559.49	6,958.28	7,771.25	7,534.65	17,339.14	23,155.19
ME	4,725.47	5,094.65	5,528.07	6,978.09	6,717.44	7,404.90	7,960.51	7,501.97	14,981.92	27,827.95
MI	20,441.09	21,484.83	22,590.99	23,176.79	23,766.64	25,243.93	28,431.97	31,218.34	55,049.44	100,129.42
MN	8,776.75	8,568.38	7,928.92	8,360.51	9,205.09	11,376.94	11,984.66	12,425.12	35,484.79	50,565.24
MO	12,709.32	14,793.83	13,213.42	13,289.38	14,315.99	14,047.28	12,949.37	13,379.38	18,369.10	27,933.48
MS			5.81	12.58	3.23	40.12	0.00	0.00	6,197.57	6,899.51
MT	100.34	1,039.61	1,827.57	2,944.97	3,806.30	4,375.87	4,373.97	5,997.94	25,759.63	30,906.36
NC	13,480.81	14,561.53	14,406.80	20,184.07	20,768.59	17,604.53	21,871.66	19,005.47	51,823.05	103,158.73
ND	609.06	648.33	626.62	731.62	772.39	817.70	1,374.55	1,346.63	2,322.25	2,809.64
NE	5,259.89	3,927.23	5,007.46	5,392.27	6,111.78	5,596.83	6,392.80	3,651.12	6,340.13	9,731.87
NH	3,964.37	4,543.38	4,645.59	5,272.03	5,912.51	6,262.36	6,077.87	6,006.92	8,634.11	16,905.67
NJ	5,127.00	4,958.40	4,944.87	5,642.15	5,500.47	5,385.10	5,535.97	5,907.92	19,453.22	35,025.10
NM	5,818.64	7,263.27	8,925.99	12,544.54	13,349.80	13,875.29	13,652.70	13,396.75	14,181.52	14,793.89
NV	15,040.24	15,454.08	14,003.16	15,618.93	15,819.59	15,331.77	14,612.82	16,234.04	21,635.99	17,457.76
NY	11,320.37	12,354.42	12,034.50	11,614.30	14,572.00	18,110.04	24,800.93	38,325.34	44,327.20	57,695.63
OH	7,119.78	8,070.58	7,718.23	8,426.00	9,229.08	11,293.61	11,632.86	12,905.42	30,296.19	50,286.33
OK	3,905.71	3,115.11	2,621.87	2,580.03	2,354.06	2,198.78	2,381.47	2,459.74	9,930.51	9,475.28
OR	16,962.21	20,091.20	23,391.44	27,650.00	32,250.56	34,755.42	37,006.39	33,472.70	88,028.35	107,401.05
PA	20,048.89	20,690.29	24,100.19	26,916.15	32,025.24	33,773.09	31,943.35	30,228.30	44,275.02	55,589.65
RI	908.37	940.31	692.41	788.29	901.31	716.47	830.80	987.13	961.74	5,280.88
SC	3,492.61	3,250.91	2,901.18	3,091.56	3,037.92	2,904.66	2,711.72	3,131.64	11,328.32	30,163.30
SD	946.52	879.82	860.25	1,186.62	824.63	773.45	909.14	1,336.27	1,731.45	3,217.49
TN	10,370.86	12,092.40	11,977.06	13,633.63	9,702.23	10,103.13	9,965.75	9,220.38	18,757.66	35,673.47
TX	7,133.91	9,670.24	9,814.02	10,556.49	10,299.17	8,503.31	9,242.60	9,471.81	62,757.74	101,428.52
UT	6,300.55	6,446.05	5,941.77	5,226.60	5,238.62	4,595.18	3,953.10	5,875.72	4,302.44	6,033.83
VA	11,810.66	11,976.19	12,379.87	12,732.37	12,098.41	10,414.51	12,450.88	12,352.47	32,917.55	68,328.04
VT	3,489.62	3,486.81	3,587.06	3,661.94	3,263.23	2,216.50	2,563.85	2,692.34	10,634.15	13,187.50
WA	19,697.39	17,195.23	17,651.64	19,965.32	18,205.29	17,362.29	17,770.87	18,066.36	43,132.38	74,507.70
WI	15,433.97	14,919.93	14,700.40	16,669.97	19,882.13	18,853.61	19,250.29	17,885.54	34,649.49	55,487.79
WV	865.02	608.65	78.00	7.16	0.00	14.85	422.15	420.50	3,653.33	6,766.41
WY	322.24	2,135.61	2,518.90	2,681.61	3,178.55	3,528.21	3,544.63	3,133.63	5,403.20	14,370.22
total	459,686.36	467,148.07	467,964.96	513,621.90	549,067.09	550,902.89	574,860.64	668,284.27	1,268,470.65	1,964,791.28

* Data compiled from Line 15, Column B (Form TTB 5130.9, Brewer's Report of Operations) +
 Line 10 (Form TTB 5130.26, Quarterly Brewer's Report of Operations) (formerly Brewpub Report of Operations)



5130.9 Line 15: Removed for consumption or sale (Bottling/Case)
 5130.26 Line 10: Beer tax-determined for use in the tavern on brewery premises

** Increases due to upsurge in the growth of new craft breweries

	ALCOHOL AND TOBACCO TAX AND TRADE BUREAU Taxable Volume of Bottles and Cans* (In Barrels) 30-Nov-17	
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State	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AK	79,423.93	81,218.75	89,762.16	80,889.21	94,781.57	105,416.32	112,008.59	129,181.74	126,309.22	115,823.75
AL					658.96	2,485.79	6,634.43	9,521.26	10,543.00	9,977.46
AR	996.65	1,206.73	1,269.26	1,445.82	1,382.06	8.00	8.00	800.09	872.11	1,737.10
AZ	6,333.37	6,980.87	7,383.27	10,380.26	14,057.56	18,411.25	22,318.65	29,645.05	44,032.85	59,031.78
CA	20,276,679.66	20,082,718.48	19,452,836.45	19,095,643.27	18,204,514.85	18,940,276.02	17,838,853.36	18,052,809.23	17,701,780.59	17,567,508.63
CO	21,992,825.69	24,182,900.40	21,095,113.55	18,742,266.67	18,820,319.55	19,267,902.29	18,549,122.13	18,035,909.80	17,755,216.77	18,105,071.29
CT	2,874.84	1,985.86	3,152.59	4,822.66	5,578.56	6,372.31	21,549.90	50,874.70	80,241.60	85,586.12
DC		732.36	629.61	184.80	332.23	1,727.77	3,546.13	4,265.73	9,222.28	9,485.89
DE	39,964.25	57,376.89	73,743.37	89,753.27	109,745.27	129,493.68	148,156.85	167,806.22	176,483.90	174,130.96
FL	8,039,385.65	8,301,524.51	9,028,726.18	9,232,548.52	9,380,672.31	9,738,023.02	9,521,482.11	9,439,058.04	9,842,764.82	10,028,963.53
GA	14,117,629.75	14,460,115.55	15,110,122.41	14,321,565.18	14,700,163.67	15,000,803.63	14,681,673.20	13,929,282.27	12,869,372.66	13,468,688.39
HI	2,892.23	3,244.23	5,154.78	7,518.77	12,683.85	13,350.64	13,208.44	13,039.35	17,643.83	24,101.03
IA	1,213.72	1,951.71	2,714.54	3,817.78	4,178.10	4,309.38	5,519.98	8,090.96	6,886.79	4,303.13
ID	4,644.64	4,710.76	4,765.33	6,143.50	6,407.47	9,112.66	11,093.10	14,718.98	15,257.78	15,422.23
IL	686,411.86	735,775.96	920,737.45	935,134.49	911,312.40	786,867.40	944,038.45	946,826.09	1,177,503.56	1,281,395.63
IN	74,919.14	7,626.27	9,704.30	13,724.96	19,393.24	32,664.02	37,750.09	48,204.65	55,466.71	67,624.00
KS	250.42	749.00	1,869.36	4,887.37	9,179.79	9,537.42	11,226.90	15,852.43	19,051.11	17,069.96
KY	117,259.02	76,976.90	76,927.25	68,413.44	58,747.18	70,540.28	78,440.18	86,161.38	99,595.65	97,413.84
LA	49,881.91	53,303.39	58,728.33	71,390.80	81,163.65	98,359.97	101,715.41	109,386.36	109,962.30	104,479.26
MA	48,378.10	51,229.45	64,333.05	72,352.47	91,092.86	107,665.45	127,282.86	133,223.43	140,674.77	152,605.35
MD	47,397.98	47,959.13	48,841.34	63,027.57	74,120.55	75,360.92	89,731.45	104,085.75	113,778.85	110,105.25
ME	82,130.69	76,817.87	74,021.63	88,631.90	114,906.50	124,123.97	122,877.92	132,025.53	136,646.89	136,065.27
MI	65,621.64	83,937.28	95,754.44	129,159.89	198,151.04	284,832.91	272,746.16	419,973.01	542,697.93	630,669.78
MN	187,203.48	223,517.81	221,315.48	212,445.88	259,668.58	232,657.19	253,317.42	285,724.01	314,887.35	305,430.57
MO	13,897,374.55	14,124,480.48	13,429,771.56	12,455,434.53	12,278,066.32	12,808,818.03	12,586,027.39	12,366,680.51	12,493,739.84	12,567,319.73
MS	61.48	1,952.64	3,521.57	5,188.87	6,646.41	8,051.63	10,044.08	13,409.98	11,793.55	8,237.78
MT	33,890.82	32,902.39	36,322.98	42,673.97	50,457.49	53,243.54	56,224.96	64,538.30	71,159.76	65,207.68
NC	6,954,288.19	6,717,728.97	7,129,633.14	6,943,748.84	6,600,785.11	6,735,801.22	6,515,751.81	6,311,112.23	6,028,259.20	2,959,285.81
ND							133.11	1,363.95	1,891.37	771.99
NE	1,514.32	1,792.16	2,575.65	4,950.25	5,885.50	6,780.45	2,073.18	12,738.17	10,792.33	13,944.91
NH	2,735,565.87	2,786,576.49	2,817,627.46	2,885,016.06	2,734,941.12	2,927,305.84	2,854,790.85	2,745,595.26	2,856,383.87	2,837,839.95
NJ	6,786,713.68	6,600,357.44	6,522,536.49	6,920,666.14	5,908,969.19	4,572,952.86	4,264,380.69	4,316,395.59	3,221,454.37	2,660,433.24
NM	3,578.14	4,447.60	6,387.49	9,364.70	14,169.83	17,164.28	18,327.17	26,140.30	30,487.22	29,126.65
NV	216.58	234.05	700.47	939.85	1,790.02	3,647.33	4,561.27	6,322.08	6,091.00	6,477.36
NY	6,695,785.34	6,997,372.81	6,307,846.95	6,376,824.80	5,779,655.18	6,832,275.59	7,166,945.25	6,749,799.40	7,218,496.05	7,555,444.77
OH	18,093,553.98	18,015,059.22	17,920,640.25	18,272,288.93	18,312,552.08	17,318,045.77	16,646,929.63	17,044,931.31	18,060,472.31	18,136,883.50
OK	1,415.28	1,186.99	2,284.47	2,937.63	3,593.60	3,706.66	3,141.24	5,620.53	6,990.95	6,675.43
OR	463,171.18	524,814.27	581,456.86	659,065.27	772,698.31	848,065.57	937,521.77	1,036,589.35	1,089,613.20	1,123,544.67
PA	2,100,671.91	2,238,872.56	2,262,763.16	2,685,440.45	3,128,166.80	3,411,033.49	4,005,887.40	4,246,712.36	4,141,056.02	3,853,026.25
RI	84.50	78.00	76.00	1,613.00	1,692.00	2,021.32	4,181.58	4,949.18	5,592.76	6,646.02
SC	2,663.67	3,475.55	4,733.84	6,346.93	10,771.16	12,903.66	17,725.52	21,211.65	24,319.79	20,753.29
SD				97.60	424.14	619.70	785.06	823.65	1,028.03	935.83
TN	28.65	292.08	98.75	112.10	1,051.89	380,277.00	560,336.92	696,681.85	1,073,651.26	1,116,453.27
TX	18,789,638.88	18,671,765.96	19,020,183.48	18,985,409.81	18,934,858.19	17,941,441.31	18,373,013.26	18,841,742.38	18,151,237.17	18,582,286.52
UT	20,537.96	22,701.49	22,586.94	28,681.77	40,477.43	62,120.44	80,300.79	101,610.11	117,512.50	124,719.01
VA	13,677,700.70	14,083,265.00	13,471,382.64	12,809,681.79	12,531,661.75	13,408,374.35	12,891,463.92	12,259,344.53	11,190,928.41	11,211,252.68
VT	197,799.34	219,875.42	217,101.35	248,184.49	289,840.71	273,965.87	271,560.29	258,101.46	264,417.40	220,195.37
WA	135,954.63	130,485.73	126,287.74	128,996.61	121,471.16	116,944.26	125,917.12	140,925.38	163,346.76	137,978.68
WI	7,394,929.60	7,202,790.46	9,095,536.35	10,240,080.70	9,002,320.57	8,884,190.43	9,038,409.69	9,100,215.78	9,090,297.72	9,142,816.33
WV	1,144.66	1,277.63	734.00	569.55	120.33	23.18	87.86	43.45	60.86	40.86
WY	1,826.80	1,666.38	1,851.16	1,649.54	1,916.37	2,580.15	2,755.25	2,447.42	3,409.94	6,946.93
total	163,914,429.33	166,930,011.93	165,432,246.88	162,972,112.66	159,708,194.46	161,692,656.22	159,413,578.77	158,542,512.22	156,701,376.96	154,967,934.71

* Data compiled from Line 14, Column F + Line 15, Column F from Form TTB 5130.9, Brewer's Report of Operations
 Line 14: Removed for consumption or sale (Bottling/Case)
 Line 15: Removed tax-determined for consumption or sale to tavern on brewery premises (Bottling/Case)

	ALCOHOL AND TOBACCO TAX AND TRADE BUREAU Taxable Volume of Barrels and Kegs* (In Barrels) 30-Nov-17	
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State	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
AK	48,706.76	50,920.35	52,278.05	54,395.32	58,519.66	65,679.13	68,867.58	73,823.62	74,606.28	69,473.78
AL		157.33	459.88	547.69	1,810.06	6,453.45	11,747.74	13,749.96	11,465.23	11,846.23
AR	892.27	882.83	1,081.95	1,318.17	1,144.17	125.94	1,078.21	2,787.48	6,965.83	9,058.30
AZ	16,159.29	18,635.98	18,303.18	24,410.52	32,848.92	44,792.72	59,074.04	80,214.06	74,997.94	71,863.70
CA	2,031,592.76	2,005,517.01	2,070,667.22	2,198,550.10	2,166,028.35	2,272,768.96	2,388,676.84	2,330,092.84	2,220,498.84	2,161,598.96
CO	2,203,524.91	2,564,428.26	2,285,814.82	2,279,812.02	2,277,201.65	2,290,799.82	2,177,094.68	2,207,491.04	2,083,226.02	1,898,302.20
CT	3,347.21	3,851.71	5,471.25	6,823.23	8,033.77	6,849.69	20,486.04	33,903.03	38,194.71	47,595.20
DC					1,366.16	4,257.53	5,934.43	8,335.80	8,925.18	9,664.33
DE	19,561.75	25,709.65	37,560.36	48,117.54	57,886.92	65,524.44	75,629.27	82,037.96	83,489.86	78,225.11
FL	1,168,248.81	1,188,745.72	1,297,356.04	1,247,064.73	1,287,687.46	1,289,450.36	1,260,567.42	1,242,022.65	1,245,516.38	1,186,318.43
GA	370,951.41	412,159.15	578,799.07	518,567.58	482,677.65	480,930.15	545,302.04	489,713.84	463,799.45	533,114.82
HI	12,167.94	13,159.64	13,292.91	15,488.55	19,606.37	19,391.33	18,107.58	21,582.44	25,424.30	28,641.98
IA	1,621.63	2,113.46	2,634.37	3,780.36	6,320.58	8,572.43	13,243.72	21,448.89	15,321.13	7,700.13
ID	6,120.91	6,279.71	6,797.91	6,834.92	7,749.54	11,316.83	15,294.81	17,477.57	16,864.87	16,296.75
IL	33,285.69	39,678.85	46,856.93	63,152.26	64,148.06	60,573.70	68,420.11	145,486.79	214,051.58	243,183.00
IN	8,462.19	11,103.64	14,744.42	23,055.64	36,461.47	48,867.09	61,510.42	66,614.28	66,387.49	68,150.00
KS	1,167.72	1,521.34	1,857.82	3,107.42	5,670.63	4,768.33	6,125.65	7,418.78	8,041.30	9,585.41
KY	3,259.96	4,568.13	5,312.00	8,190.89	9,276.72	11,795.65	19,416.85	24,748.10	30,952.49	30,049.37
LA	25,891.84	28,163.29	34,585.32	43,767.95	53,422.01	56,196.18	62,679.68	69,442.53	72,007.58	61,638.35
MA	77,178.19	79,385.94	84,522.98	98,121.54	119,862.81	131,474.98	126,580.10	128,941.15	149,185.25	128,551.24
MD	21,163.30	23,321.62	24,036.23	29,123.06	38,254.66	46,213.33	52,907.04	58,176.63	64,705.32	68,486.52
ME	38,834.04	42,649.45	47,649.73	58,015.64	77,600.43	97,285.94	110,683.11	116,113.35	117,491.36	120,823.77
MI	59,678.65	74,309.35	94,996.80	118,799.27	148,703.06	185,386.44	227,414.70	297,520.14	330,798.01	329,819.90
MN	56,176.96	62,497.37	67,335.83	79,534.59	101,033.14	115,956.35	133,102.69	154,949.51	154,250.32	159,708.52
MO	1,648,121.55	1,527,439.40	1,382,551.86	1,183,200.36	1,119,507.94	1,019,244.02	942,359.26	891,963.11	881,308.39	913,652.28
MS	2,468.14	2,329.33	3,585.07	5,258.34	6,867.94	6,481.96	6,907.14	7,726.08	5,999.23	5,060.32
MT	34,436.33	36,944.52	35,824.92	41,261.22	46,957.49	50,865.95	54,321.28	58,998.91	53,876.38	50,679.09
NC	905,166.19	834,274.14	766,996.13	903,892.92	1,010,647.87	1,054,976.57	988,300.04	971,829.71	951,237.49	509,317.29
ND							590.57	2,601.31	3,456.60	1,867.45
NE	3,623.24	3,524.26	4,091.47	5,688.77	7,000.95	7,244.52	3,840.44	13,753.51	10,422.01	14,472.86
NH	355,237.90	331,130.43	338,988.75	341,517.58	364,000.89	365,463.83	381,402.55	367,976.50	347,827.51	317,004.98
NJ	518,953.23	489,576.07	487,051.21	544,599.19	559,276.11	502,680.99	443,199.05	447,843.58	423,001.17	376,621.44
NM	6,123.00	5,965.50	7,739.68	7,838.24	10,594.14	12,803.35	15,093.44	21,957.12	26,192.78	27,804.17
NV	14,658.54	14,809.07	13,983.77	14,741.33	7,871.97	4,993.73	5,702.72	8,085.97	5,161.63	8,279.46
NY	795,940.87	749,430.78	650,087.06	583,310.58	604,493.47	668,632.48	674,239.50	596,752.77	588,574.76	566,114.57
OH	1,684,507.38	1,708,860.22	1,895,495.69	2,033,529.73	1,886,886.80	1,790,342.28	1,726,077.24	1,643,427.98	1,628,062.64	1,460,072.20
OK	561.61	939.98	2,578.47	3,395.64	4,025.32	4,826.95	4,840.77	6,110.00	4,539.32	4,601.62
OR	267,558.25	302,197.16	325,659.16	341,505.24	357,821.43	375,659.57	415,935.76	479,575.19	489,128.91	476,514.19
PA	594,726.99	772,329.90	953,285.76	998,172.50	1,081,543.30	1,168,462.04	1,172,679.83	1,244,846.05	1,156,571.65	1,034,351.90
RI	3,112.50	2,347.00	2,430.00	3,236.99	3,371.00	4,104.34	5,174.14	4,551.43	3,969.48	3,670.70
SC	4,950.87	6,193.71	6,192.25	7,558.60	11,769.84	15,831.87	18,103.48	19,762.34	19,492.06	13,380.82
SD	907.00	572.00	559.00	586.00	1,237.88	1,521.50	1,753.50	1,923.75	2,406.63	2,606.53
TN	8,598.27	10,155.49	10,982.71	12,988.82	17,597.04	28,387.58	31,767.12	60,753.94	87,084.56	72,261.38
TX	1,088,767.77	1,094,276.99	1,131,030.13	1,143,881.77	1,152,638.24	1,144,585.80	1,038,542.78	1,060,536.45	1,037,119.99	1,073,417.23
UT	25,539.65	26,717.11	25,943.15	29,194.74	34,548.18	43,143.32	45,937.83	51,425.32	54,961.49	54,169.39
VA	1,519,072.07	1,425,448.78	1,186,492.73	1,152,090.46	1,165,692.37	1,175,467.01	1,134,449.57	1,048,495.09	1,017,740.25	1,253,761.31
VT	66,877.72	70,621.02	86,533.33	105,473.36	91,368.48	98,154.92	98,852.28	93,531.96	89,387.18	68,330.18
WA	175,030.00	165,425.08	155,111.48	195,436.87	218,671.75	240,103.86	274,558.65	297,547.82	290,010.93	246,614.85
WI	1,129,963.27	1,039,757.77	1,191,461.86	1,130,525.73	981,225.81	1,038,914.37	1,071,651.35	1,066,520.15	937,412.99	1,010,312.28
WV	853.65	1,655.04	1,725.47	2,582.42	3,264.98	3,701.81	4,525.59	5,160.63	6,640.44	3,835.30
WY	2,749.59	2,989.71	2,489.98	3,852.33	5,055.71	5,752.17	7,216.88	8,379.14	9,671.70	8,328.08
total	17,066,499.77	17,285,670.24	17,461,286.16	17,725,898.72	17,817,251.15	18,157,777.56	18,097,967.51	18,176,128.25	17,708,424.89	16,926,797.87

* Data compiled from Line 14, Column D + Line 15, Column D from Form TTB 5130.9, Brewer's Report of Operations
 Line 14: Removed for consumption or sale (Racking/Keg)
 Line 15: Removed tax-determined for consumption or sale to tavern on brewery premises (Racking/Keg)



LATE

SB2712

Relating to Intoxicating Liquor, Tax Rates on Beer and Draft Beer, and Tax Rates on Distilled Spirits with Added Blended Materials

Senate Committee on WAM: Ways and Means
02-06-18 at 10:00am, Conference Room 211

Chair Donovan Dela Cruz, Vice Chair Gilbert Keith-Agaran, and Senate Members of the Ways and Means Committee,

Position: **Oppose**

My name is Richard Collins, I live in Kula, Maui and I am the Chair of the **Hawai'i Alcohol Policy Alliance**. The Hawai'i Alcohol Policy Alliance's mission is to reduce alcohol-related harm in Hawai'i by promoting science-based policies independent of commercial interests. Mahalo for the opportunity to submit testimony as I am unable to be there in-person at this time. I strongly **oppose SB2712** for the following reasons:

1. Decreasing Alcohol Taxes will Increase Underage Drinking Rates

The Center for Disease Control (CDC) and World Health Organization (WHO), two of the strongest nationally and internationally recognized research-based organizations who shape our world's public health interests both recognize alcohol excise tax increases as one of the strongest prevention strategies to reduce underage drinking, worldwide¹. This current bill proposal directly opposes the science of prevention and will lead to increased population-level alcohol consumption, especially underage drinking. **Young people are especially sensitive to alcohol excise taxes**, and this bill that proposes a reduction from \$5.98 to \$.85 per wine gallon on juice-infused distilled spirits **WILL certainly increase underage drinking rates in our state, which will lead to increased alcohol-related harms for our youth**².

2. "Cooler Beverages" are High Risk Products for Youth

Research from the Johns Hopkins Center on Alcohol Marketing and Youth (CAMY) shows that "cooler beverages," also known as alcopops are consumed by youth at higher rates than nearly all other alcoholic beverages on the market. Much of this can be attributed to the sweet, sugary flavors of cooler beverages that are similar to the favors of

¹ World Health Organization : Resource Tool on Alcohol Taxation and Pricing Policies, <http://apps.who.int/iris/bitstream/10665/255795/1/9789241512701-eng.pdf>

² Centers for Disease Control Community Guide: Alcohol – Excessive Consumption: Increasing Alcohol Taxes, <https://www.thecommunityguide.org/findings/alcohol-excessive-consumption-increasing-alcohol-taxes>



many non-alcohol fruit juices and sodas consumed by young people. This makes cooler beverages especially attractive and easily consumable by youth.

3. Lowering Alcohol Taxes Increases Violence and Drunk-Driving Rates

This bill proposal is counter to the research of the Centers for Disease Control 2007 Task Force findings that finds evidence that alcohol tax increases reduce alcohol-impaired motor vehicle crashes, non-motor-vehicle mortality rates, and violence rates. Moreover, their “price elasticity” findings for distilled spirits show that **a 10% price decrease in distilled spirits taxes will increase distilled spirits consumption rates by 7.9%³**. Your proposal of moving “cooler beverages” out of the distilled spirits category **will decrease “cooler beverages” tax rates by 700%**. Given the information above, this tax decrease will drastically **increase alcohol-related harms and violence in our community and state**, as a whole. This is unacceptable and irresponsible.

4. Losses in Tax Revenue

Alcohol taxes and permit fees are a significant source of revenue for the State of Hawai'i and a growing area of opportunity for potential budget deficits. In 2016 alone, alcohol taxes and permitting fees totaled \$51.2 million⁴. A state alcohol excise decrease by such drastic measures for both “cooler beverages” and beer would have massive decreases to those revenues currently generated.

I implore you to **oppose SB2717** for the benefit of the people of Hawai'i. To concede your vote to the wishes of the commercial interests will only be to the detriment of your constituents. You do not want to be responsible for a bill that would see more alcohol-impaired motor-vehicle crashes, more violence, and more deaths related to alcohol in our state.

Mahalo for your time and attention to this urgent matter.

Sincerely,

Richard Collins

Chair, Hawai'i Alcohol Policy Alliance

³ Center for Disease Control: Task Force Recommends Increasing Alcohol Taxes to Prevent Excessive Alcohol Use and Other Harms, <https://www.thecommunityguide.org/content/increased-alcohol-taxes-can-prevent-excessive-alcohol-use-and-other-harms>

⁴ State of Hawaii Department of Taxation, <http://files.hawaii.gov/tax/stats/monthly/2016cy-liqtob.pdf>