

Honolulu, Hawaii

February 8, 2019

RE: H.B. No. 887  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 887 entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Include certain spirits-based beverages in the definition of cooler beverage so they are taxed at the same rate as wine- or beer-based cooler beverages; and
- (2) Apply the tax rate currently applicable to draft beer to all beer regardless of how it is dispensed.

The Lanikai Brewing Company, Hawaiian Craft Brewers Guild, Real a gastropub/Bent Tail Brewing Company, Big Island Brewhaus, Maui Brewing Company, Beer Lab Hawaii, Kauai Brewing Company, Waikiki Brewing Company, Kauai Beer Company, Honolulu Beerworks, Kaua'i Island Brewing Company, and a concerned individual testified in support of this measure. The Hawai'i Alcohol Policy Alliance and many individuals testified in opposition to this measure. The Department of Taxation commented on this measure.

Your Committee notes that this amended measure leaves the rate of state gallonage tax on liquor unchanged from the previous



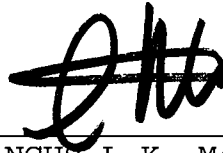
version of this measure as received by your Committee. However, your Committee would like to continue the discussion to determine the appropriate rate of state gallonage tax on liquor that will encourage business for local microbreweries in the State.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2112; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 887, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



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ANGUS L.K. MCKELVEY, Chair



