

Honolulu, Hawaii

FEB 16 2011

RE: S.B. No. 644
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 644 entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR TAX LAW,"

begs leave to report as follows:

The purpose and intent of this measure is to reduce the gallonage tax paid each year by small brewers and brewpubs located in the State for the purpose of promoting the development of this small business-based industry within the State.

Your Committee received testimony in support of this measure from Hawai'i Nui Brewing and Kona Brewing Company. Your Committee received testimony in opposition to this measure from Anheuser Busch Companies. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that the cost of brewing beer in the State is significantly higher than elsewhere in the nation; in fact it is less costly to produce and package beer on the mainland then ship the finished product to Hawaii. Your Committee further finds that developing a robust craft beer and brewpub industry will create jobs in the production of a product for consumption within the State and for export. Your Committee also finds that tax incentives for craft brewing in other states have created thriving industries composed of multiple small businesses that employ workers in production and bottling operations and contribute directly to state coffers through tax payments. Finally, your Committee finds that the development of a local

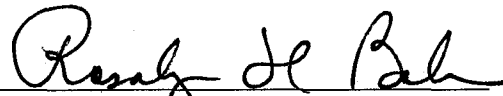


craft beer and brewpub industry will help to diversify Hawaii's economy and create opportunities to develop a production-based industry while complementing the State's existing service- and tourism-based economy.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 644, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 644, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

| | | | | |
|--|--|---------------------------|-----|---------|
| Bill / Resolution No.:* SB644 | Committee Referral: CPN, WAM | Date: 2/11/2011 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| BAKER, Rosalyn H. (C) | ✓ | | | |
| TANIGUCHI, Brian T. (VC) | ✓ | | | |
| GALUTERIA, Brickwood | ✓ | | | |
| GREEN, M.D., Josh | ✓ | | | |
| NISHIHARA, Clarence K. | ✓ | | | |
| SOLOMON, Malama | ✓ | | | |
| SLOM, Sam | ✓ | | | |
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| TOTAL | 7 | | | |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Only one measure per Record of Votes