STAND. COM. REP. NO. Honolulu, Hawaii , 2011 Feb 18 H.B. No. 1187 RE:

H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 1187 entitled:

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

begs leave to report as follows:

The purpose of this bill is to increase state revenues by raising the gallonage tax on liquor.

The Department of Taxation and a concerned individual supported this bill. Annheuser Busch Companies, Distilled Spirits Council of the United States, Hawaii Food Industry Association, Hawaii Liquor Wholesalers Association, Wine Institute, Tedeschi Vineyards, Ltd., Southern Wine & Spirits of Hawaii, and several concerned individuals opposed this bill.

Your Committee finds that it must balance the needs of those impacted by this measure with the need to address the significant revenue shortfall facing the State.

Your Committee intends to continue working on this bill and respectfully requests your Committee on Finance to review this measure and assess its financial impacts.

Therefore, to move this bill forward in the legislative process for further consideration, your Committee has amended this measure by:



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- Changing the gallonage tax rates to be assessed on the various types of liquor to unspecified amounts;
- (2) Inserting the substance of H.B. No. 365, Regular Session of 2011, which reduces the gallonage tax rate for small breweries and brewpubs that brew or produce beer in the State to 23 cents per gallon of beer on the first 60,000 barrels of beer brewed or produced during the taxable year;
- (3) Establishing a general excise tax exemption for gross income or gross proceeds received by a wholesaler from the sale of liquor subject to the gallonage tax;
- (4) Inserting a severability clause;
- (5) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1187, H.D. 1, and be referred to the Committee on Finance.

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

ANGUS L.K. MCKELVEY, Chair



State of Hawaii

House of Representatives The Twenty-sixth Legislature

Record of Votes of the Committee on Economic Revitalization& Business

Bill/Resolution No.: HB ILM EPB, FIN Date: 2/15/11				
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Image: Pass, unamended (as is) Image: Pass, with amendments (HD) Image: Hold Image: Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	V			
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2. CHOY, Isaac W. (VC)	~			
3. AWANA, Karen L.	4			
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4. BROWER, Tom				
5. EVANS, Cindy	r			
6. HASHEM, Mark J.				
7. NISHIMOTO, Scott Y.	1			
8. TOKIOKA, James Kunane				
9. TSUJI, Clift				
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10. MARUMOTO, Barbara C.				
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11. PINE, Kymberly Marcos				
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TOTAL (11)	7	4	Ø	Ø
The recommendation is: Adopted I Not Adopted did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				