

Hawaii Craft Brewers Ask for Tax Break

SAM EIFLING, Associated Press

HONOLULU (AP) — Hawaii's small producers of beer, liquor and wine would see relief from some of the nation's highest alcohol taxes under legislation state lawmakers are considering.

Garrett Marrero, the founder of Maui Brewing Co., told a Senate committee Wednesday that he pays more than \$2 to the state for every case of beer he sells. That's more than four times what his competitors in California pay and more than 10 times what he would pay in Oregon.

Marrero told lawmakers cutting the excise tax on small producers would allow them to expand operations and add employees.

"The more we produce, the more people we hire," he said.

The two bills being considered would cut the per-gallon taxes for manufacturers defined as "small" breweries, distilleries or wineries. For breweries, that would mean they produce no more than 60,000 barrels of beer per year.

The tax rate for liquor, for example, would drop from \$5.98 to \$2.57 a gallon, while the tax on beer would drop from as much as 93 cents to 23 cents, and the tax on still wine would fall from \$1.38 to 59 cents.

The difference in taxes would cover the cost of shipping a container of Marrero's beer to the mainland, he said.

The bills, House Bill 2483 and Senate Bill 3041, are aimed at supporting a modest but expanding industry in Hawaii. Ten craft breweries operate in Hawaii and eight more are preparing to open in the coming year or so, Marrero said. Nationwide, the Brewers Association counts more than 2,500 craft breweries.

Opponents of the legislation told lawmakers small producers shouldn't be favored over others.

Tim Lyons, a lobbyist representing Anheuser-Busch InBev SA, submitted testimony saying that while a tax cut was warranted, "we all need relief."

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