
A BILL FOR AN ACT

RELATING TO THE LIQUOR TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. The purpose of this part is to increase the
3 various liquor tax rates and provide a general excise tax
4 exemption for gross income or gross proceeds received by
5 wholesalers from the sale of liquor subject to the liquor tax.

6 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§237- Exemption; wholesaler; liquor. (a) Gross income
10 or gross proceeds received by a wholesaler from the sale of
11 liquor subject to the gallonage tax under section 244D-4 shall
12 be exempt from the taxes imposed by this chapter."

13 SECTION 3. Section 244D-4, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) Every person who sells or uses any liquor in the
16 State not taxable under this chapter, in respect of the
17 transaction by which the person or the person's vendor acquired
18 the liquor, shall pay a gallonage tax which is hereby imposed at



1 the following rates for the various liquor categories defined in
2 section 244D-1:

3 ~~[For the period July 1, 1997, to June 30, 1998, the tax~~
4 ~~rate shall be:~~

- 5 ~~(1) \$5.92 per wine gallon on distilled spirits;~~
6 ~~(2) \$2.09 per wine gallon on sparkling wine;~~
7 ~~(3) \$1.36 per wine gallon on still wine;~~
8 ~~(4) \$0.84 per wine gallon on cooler beverages;~~
9 ~~(5) \$0.92 per wine gallon on beer other than draft beer;~~
10 ~~(6) \$0.53 per wine gallon on draft beer;~~

11 ~~On~~ From July 1, [1998,] 2011, and thereafter, the tax rate
12 shall be:

- 13 (1) [~~\$5.98~~] \$____ per wine gallon on distilled spirits;
14 (2) [~~\$2.12~~] \$____ per wine gallon on sparkling wine;
15 (3) [~~\$1.38~~] \$____ per wine gallon on still wine;
16 (4) [~~\$0.85~~] \$____ per wine gallon on cooler beverages;
17 (5) [~~\$0.93~~] \$____ per wine gallon on beer other than draft
18 beer;
19 (6) [~~\$0.54~~] \$____ per wine gallon on draft beer;

20 and at a proportionate rate for any other quantity so sold or
21 used."

22



1 PART II

2 SECTION 4. Chapter 244D, Hawaii Revised Statutes, is
3 amended by adding a new section to be appropriately designated
4 and to read as follows:

5 "§244D- Small breweries and brewpubs; tax. Every small
6 brewery or brewpub that brews or produces beer in the State
7 shall pay a gallonage tax of 23 cents per gallon of beer on the
8 first sixty thousand barrels of beer brewed or produced during
9 the taxable year. Beer produced after the first sixty thousand
10 barrels during a taxable year shall be taxed under section 244D-
11 4(a)."

12 SECTION 5. Section 244D-1, Hawaii Revised Statutes, is
13 amended by adding two new definitions to be appropriately
14 inserted and to read as follows:

15 "Barrel" means a barrel containing not more than thirty-
16 one gallons or wine gallons of liquor.

17 "Small brewery or brewpub" means a brewery or brewpub that
18 brews or produces not more than two million barrels of beer per
19 taxable year."

20 SECTION 6. Section 244D-4, Hawaii Revised Statutes, is
21 amended by amending subsection (b) to read as follows:



1 "(b) The tax levied pursuant to subsection (a) shall be
2 paid only once upon the same liquor; provided further that the
3 tax shall not apply to:

4 (1) Liquor held for sale by a permittee but not yet sold;

5 (2) Liquor sold by one permittee to another permittee;

6 (3) Liquor which under the Constitution and laws of the
7 United States cannot be legally subjected to the tax
8 imposed by this chapter so long as and to the extent
9 to which the State is without power to impose the tax;

10 (4) Liquor sold for sacramental purposes or the use of
11 liquor for sacramental purposes, or any liquor
12 imported pursuant to section 281-33;

13 (5) Alcohol sold pursuant to section 281-37 to a person
14 holding a purchase permit or prescription therefor, or
15 any sale or use of alcohol, so purchased, for other
16 than beverage purposes[-]; or

17 (6) Beer or draft beer that is brewed or produced in the
18 State by a small brewery or brewpub, except as
19 provided under section 244D- ."

20 SECTION 7. Section 244D-6, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "**§244D-6 Return, form, contents.** Every taxpayer shall, on
2 or before the twentieth day of each month, file with the
3 department of taxation in the taxation district in which the
4 taxpayer's business premises are located, or with the department
5 in Honolulu, a return showing all sales of liquor by gallonage
6 and dollar volume in each liquor category defined in section
7 244D-1 and taxed under section 244D-4(a) or 244D-___ made by the
8 taxpayer during the preceding month, showing separately the
9 amount of the nontaxable sales, and the amount of the taxable
10 sales, and the tax payable thereon. The return shall also show
11 the amount of liquor by gallonage and dollar volume in each
12 liquor category defined in section 244D-1 and taxed under
13 section 244D-4(a) or 244D-___ used during the preceding month
14 which is subject to tax, and the tax payable thereon. The form
15 of return shall be prescribed by the department and shall
16 contain such information as it may deem necessary for the proper
17 administration of this chapter."

18 SECTION 8. Section 244D-9, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) Every dealer shall keep a record of all sales of
21 liquor by gallonage and dollar volume in each liquor category
22 defined in section 244D-1 and taxed under section 244D-4(a) or



1 244D- made by the dealer, in such form as the department of
2 taxation may prescribe. Every person holding a license under
3 the liquor law, other than a manufacturer's or wholesaler's
4 license, shall keep a record of all purchases by the person of
5 liquor by gallonage and dollar volume in each liquor category
6 defined in section 244D-1 and taxed under section 244D-4(a) or
7 244D-, in such form as the department may prescribe. All
8 such records shall be offered for inspection and examination at
9 any time upon demand by the department or commission and shall
10 be preserved for a period of five years, except that the
11 department may in writing consent to their destruction within
12 such period or may require that they be kept longer.

13 The department may by rule require the dealer to keep such
14 other records as it may deem necessary for the proper
15 enforcement of this chapter."

16 PART III

17 SECTION 9. If any provision of this Act, or the
18 application thereof to any person or circumstance is held
19 invalid, the invalidity does not affect other provisions or
20 applications of the Act, which can be given effect without the
21 invalid provision or application, and to this end the provisions
22 of this Act are severable.



1 SECTION 10. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 11. This Act shall take effect on July 1, 2112.



Report Title:

Liquor Tax

Description:

Increases the liquor tax rates. Establishes a general excise tax exemption for wholesalers on the sale of liquor subject to the liquor tax. Reduces the liquor tax rate on beer for small breweries or brewpubs. Effective July 1, 2112. (HB1187 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

