
A BILL FOR AN ACT

RELATING TO THE LIQUOR TAX.

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

1 SECTION 1. The legislature finds that this State is one of
2 the most expensive states in the union in which to manufacture
3 beer, which is primarily the result of the high costs of
4 importing ingredients and materials to the State. The small
5 brewery industry in this State currently provides direct jobs to
6 approximately three hundred local residents. However, the
7 number of craft breweries in the State has been in decline over
8 the past decade due to the high costs associated with local beer
9 manufacturing. Although the federal liquor tax law provides
10 rates that are approximately sixty-one per cent lower for small
11 brewery operations, the State does not have similar provisions
12 to help foster a local small brewery industry.

13 The purpose of this Act is to reduce the tax burden on
14 manufacturers of beer within the State to promote more
15 consistency with current federal liquor tax laws.

16 SECTION 2. Section 244D-4, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:



1 "(a) Every person who sells or uses any liquor in the
2 State not taxable under this chapter, in respect of the
3 transaction by which the person or the person's vendor acquired
4 the liquor, shall pay a gallonage tax which is hereby imposed at
5 the following rates for the various liquor categories defined in
6 section 244D-1:

7 For the period July 1, 1997, to June 30, 1998, the tax rate
8 shall be:

- 9 (1) \$5.92 per wine gallon on distilled spirits;
- 10 (2) \$2.09 per wine gallon on sparkling wine;
- 11 (3) \$1.36 per wine gallon on still wine;
- 12 (4) \$0.84 per wine gallon on cooler beverages;
- 13 (5) \$0.92 per wine gallon on beer other than draft beer;
- 14 (6) \$0.53 per wine gallon on draft beer;

15 ~~On~~ For the period July 1, 1998, ~~[and thereafter,]~~ to June
16 30, 2011, the tax rate shall be:

- 17 (1) \$5.98 per wine gallon on distilled spirits;
- 18 (2) \$2.12 per wine gallon on sparkling wine;
- 19 (3) \$1.38 per wine gallon on still wine;
- 20 (4) \$0.85 per wine gallon on cooler beverages;
- 21 (5) \$0.93 per wine gallon on beer other than draft beer;
- 22 (6) \$0.54 per wine gallon on draft beer;

1 On July 1, 2011, and thereafter, the tax rate shall be:

2 (1) \$5.98 per wine gallon on distilled spirits;

3 (2) \$2.12 per wine gallon on sparkling wine;

4 (3) \$1.38 per wine gallon on still wine;

5 (4) \$0.85 per wine gallon on cooler beverages;

6 (5) \$0.93 per wine gallon on beer other than draft beer
7 manufactured outside of the State;

8 (6) \$0.54 per wine gallon on draft beer manufactured
9 outside of the State;

10 (7) \$0.35 per wine gallon on beer other than draft beer
11 manufactured in the State;

12 (8) \$0.20 per wine gallon on draft beer manufactured in
13 the State;

14 and at a proportionate rate for any other quantity so sold or
15 used."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect on July 1, 2011.

19
INTRODUCED BY:

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JAN 26 2011



Report Title:

Liquor Tax; Beer

Description:

Establishes separate liquor tax rates for beer manufactured in the State and beer manufactured outside of the State.

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