
A BILL FOR AN ACT

RELATING TO LIQUOR.

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.

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

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

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

14 ~~(1) \$5.92 per wine gallon on distilled spirits;~~

15 ~~(2) \$2.09 per wine gallon on sparkling wine;~~

16 ~~(3) \$1.36 per wine gallon on still wine;~~



1 ~~(4) \$0.84 per wine gallon on cooler beverages;~~
2 ~~(5) \$0.92 per wine gallon on beer other than draft beer;~~
3 ~~(6) \$0.53 per wine gallon on draft beer;~~
4 En] For the period July 1, 1998, [and thereafter,] to June
5 30, 2011, the tax rate shall be:

- 6 (1) \$5.98 per wine gallon on distilled spirits;
7 (2) \$2.12 per wine gallon on sparkling wine;
8 (3) \$1.38 per wine gallon on still wine;
9 (4) \$0.85 per wine gallon on cooler beverages;
10 (5) \$0.93 per wine gallon on beer other than draft beer;
11 (6) \$0.54 per wine gallon on draft beer;

12 and at a proportionate rate for any other quantity so sold or
13 used.

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

- 15 (1) \$7.18 per wine gallon on distilled spirits;
16 (2) \$2.54 per wine gallon on sparkling wine;
17 (3) \$1.66 per wine gallon on still wine;
18 (4) \$1.02 per wine gallon on cooler beverages;
19 (5) \$1.12 per wine gallon on beer other than draft beer;
20 (6) \$0.65 per wine gallon on draft beer;

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



PART II

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

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

SECTION 4. Section 244D-1, Hawaii Revised Statutes, is amended by adding two new definitions to be appropriately inserted and to read as follows:

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

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

SECTION 5. Section 244D-4, Hawaii Revised Statutes, is 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 6. 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~~] that is subject to tax, and the tax payable thereon.
15 The form of return shall be prescribed by the department and
16 shall contain [~~such~~] information as it may deem necessary for
17 the proper administration of this chapter."

18 SECTION 7. 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~~] a form as the department
2 of 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) [~~7~~]
7 or 244D-, in [~~such~~] a form as the department may prescribe.
8 All [~~such~~] records required under this subsection shall be
9 offered for inspection and examination at any time upon demand
10 by the department or commission and shall be preserved for a
11 period of five years, except that the department may consent in
12 writing [~~consent~~] to their destruction within [~~such~~] the five-
13 year period or may require that they be kept longer.

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

17 PART III

18 SECTION 8. The purpose of this part is to allow Hawaii
19 consumers to receive discounts, coupons and rebates on the
20 combined purchase of alcoholic beverages and other grocery
21 items.



1 SECTION 9. Section 281-85, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) It shall be unlawful for any person acting as agent
4 or representative of a nonresident principal or for any licensee
5 directly or indirectly, or through any subsidiary or affiliate,
6 to give any premium or free goods of intoxicating liquor or
7 other merchandise in connection with the sale of any
8 intoxicating liquor; or to offer or to provide any premium or
9 free goods of intoxicating liquor in connection with the sale of
10 other merchandise. Notwithstanding any other provision of this
11 chapter to the contrary, it shall be lawful for any person
12 acting as an agent or representative of a nonresident principal
13 or for any licensee directly or indirectly, or through any
14 subsidiary or affiliate, to provide a discount to the consumer,
15 either in the form of a coupon redeemed through a retail
16 licensee or through a mail-in rebate that the consumer sends to
17 the licensee or its agent or representative, when purchasing
18 intoxicating liquor in combination with other merchandise."

19 PART IV

20 SECTION 10. If any provision of this Act, or the
21 application thereof to any person or circumstance is held
22 invalid, the invalidity does not affect other provisions or



1 applications of the Act, which can be given effect without the
2 invalid provision or application, and to this end the provisions
3 of this Act are severable.

4 SECTION 11. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 12. This Act shall take effect on July 1, 2011.



Report Title:

Liquor; Discounts

Description:

Increases liquor tax rates. Reduces the liquor tax rate on the first sixty thousand barrels produced in a small brewery or brewpub. Makes it lawful to provide a discount for liquor purchases through coupons or mail-in rebates when made in combination with other merchandise. Effective July 1, 2011. (HB840 HD1).

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

