

JAN 23 2015

A BILL FOR AN ACT

RELATING TO LIQUOR TAX.

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

1 SECTION 1. The purpose of this Act is to assist the
2 growing craft beverage industry in Hawaii by applying a reduced
3 gallonage tax on beer sold by the barrel. There are, however,
4 legal challenges to discriminatory rates, which are mitigated by
5 applying a lower taxation rate to all sales for the first sixty
6 thousand barrels.

7 SECTION 2. Section 244D-1, Hawaii Revised Statutes, is
8 amended by adding a new definition to be appropriately inserted
9 and to read as follows:

10 "Barrel beer" means beer in an individual container of not
11 less than thirty and one-half gallons and not more than thirty-
12 one and one-half gallons."

13 SECTION 3. Section 244D-1, Hawaii Revised Statutes, is
14 amended by amending the definition of "draft beer"

15 "Draft beer" means beer in an individual container of:

16 (1) Not less than seven gallons [~~or~~] and not more [~~-~~] than
17 thirty and one-half gallons; or



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1 (2) More than thirty-one and one-half gallons."

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

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

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

- 12 (1) \$5.92 per wine gallon on distilled spirits;
- 13 (2) \$2.09 per wine gallon on sparkling wine;
- 14 (3) \$1.36 per wine gallon on still wine;
- 15 (4) \$0.84 per wine gallon on cooler beverages;
- 16 (5) \$0.92 per wine gallon on beer other than draft beer;
- 17 and
- 18 (6) \$0.53 per wine gallon on draft beer;

19 On July 1, 1998, and thereafter, the tax rate shall be:

- 20 (1) \$5.98 per wine gallon on distilled spirits;
- 21 (2) \$2.12 per wine gallon on sparkling wine;



- 1 (3) \$1.38 per wine gallon on still wine;
- 2 (4) \$0.85 per wine gallon on cooler beverages;
- 3 (5) \$0.93 per wine gallon on beer other than draft beer [↗]
- 4 or barrel beer;
- 5 (6) \$0.54 per wine gallon on draft beer; and
- 6 (7) \$0.27 per wine gallon on barrel beer of the first
- 7 1,860,000 gallons of barrel beer sold annually and
- 8 \$0.54 per wine gallon of barrel beer sold thereafter;
- 9 and at a proportionate rate for any other quantity so sold or
- 10 used."

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

13 SECTION 6. This Act, shall take effect on January 1, 2016,
 14 and shall apply to taxable years beginning after December 31,
 15 2015.

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INTRODUCED BY: Rosalyn H. Baber
 By Request



S.B. NO. 759

Report Title:

Liquor Tax; Barrel Sales

Description:

Establishes a reduced per gallon tax rate on beer sold in barrels for the first 60,000 barrels sold annually. Effective 1/1/2016.

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

