

JAN 21 2022

A BILL FOR AN ACT

RELATING TO LIQUOR.

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

1 SECTION 1. The legislature finds that alcohol consumption
2 contributes to hundreds of deaths each year in Hawaii.
3 According to the United States Centers for Disease Control and
4 Prevention, there was an average of three hundred forty-eight
5 alcohol attributable deaths per year in Hawaii between 2011 to
6 2015. Of those deaths, approximately ninety per cent were due
7 to excessive alcohol use, which includes binge drinking, heavy
8 drinking, and any drinking by pregnant women or people under the
9 age of twenty-one. It is estimated that excessive alcohol use
10 shortened the lives of those who died in Hawaii by an average of
11 27.2 years.

12 The legislature further finds that there are several short-
13 and long-term health risks associated with excessive alcohol
14 use; among these include motor vehicle accidents, injuries, or
15 deaths; violence, sexual assault, and intimate partner violence;
16 alcohol poisoning; risky sexual behaviors that can result in
17 unintended pregnancy or sexually transmitted diseases; and for



1 pregnant women, miscarriage and stillbirth or fetal alcohol
2 spectrum disorders. Over time, excessive alcohol use can cause
3 chronic diseases and other serious problems, including high
4 blood pressure, heart disease, stroke, liver disease, digestive
5 problems, certain types of cancer, a weakening of the immune
6 system, learning and memory problems, mental health problems,
7 social problems, and alcohol use disorders or alcohol
8 dependence.

9 In addition to the individual health risks associated with
10 excessive alcohol use, the legislature also finds that excessive
11 alcohol use contributes to significant economic costs to the
12 State, particularly relating to health care, lost productivity,
13 and the criminal justice system. According to a 2010 study, the
14 estimated total cost of excessive alcohol use in Hawaii was
15 \$937,400,000. Considering modern-day inflation, the present
16 figure is likely much higher.

17 The legislature further finds that, according to the
18 National Academies of Sciences, Engineering, and Medicine,
19 alcohol taxes have perhaps the strongest and most consistent
20 evidence base of any U.S. policy for reducing excessive drinking
21 and related harms, and additional evidence strongly shows that



1 higher alcohol taxes reduce alcohol-impaired driving and motor
2 vehicle crash fatalities. The potential public health benefits
3 of an alcohol tax increase could include less chronic disease
4 and alcohol-related mental health diagnoses, fewer sexual
5 assaults or cases of intimate partner violence, fewer arrests
6 for driving under the influence of alcohol, fewer law
7 enforcement or crisis line calls, and a reduction in youth binge
8 drinking. Additionally, it is estimated the State would realize
9 an additional \$58,000,000 per year in tax revenue from a \$0.10
10 per drink liquor tax increase, helping to further offset the
11 considerable expenses incurred by the State due to alcohol-
12 related issues.

13 Accordingly, the purpose of this Act is to establish a
14 surcharge on the liquor tax.

15 SECTION 2. Section 244D-4, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§244D-4 Tax; limitations.** (a) Every person who sells or
18 uses any liquor in the State not taxable under this chapter, in
19 respect of the transaction by which the person or the person's
20 vendor acquired the liquor, shall pay a gallonage tax that is



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

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

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

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

13 (b) The tax levied pursuant to subsection (a) shall be
14 paid only once upon the same liquor; provided [~~further~~] that the
15 tax shall not apply to:

- 16 (1) Liquor held for sale by a permittee but not yet sold;
- 17 (2) Liquor sold by one permittee to another permittee;
- 18 (3) Liquor which under the Constitution and laws of the
19 United States cannot be legally subjected to the tax
20 imposed by this chapter so long as and to the extent
21 to which the State is without power to impose the tax;



1 (4) Liquor sold for sacramental purposes or the use of
2 liquor for sacramental purposes, or any liquor
3 imported pursuant to section 281-33; or

4 (5) Alcohol sold pursuant to section 281-37 to a person
5 holding a purchase permit or prescription therefor, or
6 any sale or use of alcohol, so purchased, for other
7 than beverage purposes.

8 (c) Beginning July 1, 2022, every person subject to the
9 liquor tax shall pay a \$0.10 per drink surcharge on the liquor
10 tax imposed under subsection (a). The surcharge shall be based
11 on 1.50 ounces of distilled spirits; five ounces of sparkling
12 wine or still wine; and twelve ounces of cooler beverages, beer
13 other than draft beer, or draft beer. The proceeds from the
14 surcharge shall be deposited into the general fund."

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

17 SECTION 4. This Act shall take effect on July 1, 2022.

18
INTRODUCED BY:

Paul H. Bick



S.B. NO. 2441

Report Title:

Liquor Tax; Surcharge

Description:

Beginning July 1, 2022, establishes a \$0.10 per drink surcharge in addition to the liquor tax.

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