

STAND. COM. REP. NO. **1086**-22

Honolulu, Hawaii

MAR 18, 2022

RE: S.B. No. 2331
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
S.B. No. 2331 entitled:

"A BILL FOR AN ACT RELATING TO ALCOHOL,"

begs leave to report as follows:

The purpose of this measure is to expand the definition of
"beer" to specify that the term includes an alcohol by volume of
no less than 0.5 per cent as well as alcohol seltzer beverages.

Your Committee received testimony in support of this measure
from the Maui Chamber of Commerce and one individual. Your
Committee received testimony in opposition to this measure from
the Anheuser Busch Companies. Your Committee received comments on
this measure from the Department of Taxation, Department of Budget
and Finance, Tax Foundation of Hawaii, and Anheuser-Busch.

Your Committee finds that the existing statutory definition
of "beer" is limited and does not adequately represent the unique
aspects of craft beer ingredients that brewers use to develop new
products and offerings. This measure will help foster the
creation of new and unique styles of beer and allow local
manufacturers to grow their product line, thereby increasing
revenue for the State.

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Your Committee notes that this measure may inadvertently include a spirits-based, pre-mixed cocktail as a beer, which would potentially provide a tax cut for these drinks. It is not the intent of your Committee to consider these drinks as beer and your Committee wants to ensure that the tax rates for these drinks are not reduced.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that "beer" does not include, among other things, any products of distillation, by whatever name known, that contain distilled spirits, alcoholic spirits, or spirits, for purposes of the Liquor Tax Law;
- (2) Clarifying that, for regulatory purposes under chapter 281, Hawaii Revised Statutes, "beer" includes ale, porter, brown, stout, lager beer, small beer, strong beer, and alcoholic seltzer beverages, but does not include sake, known as Japanese rice wine, cooler beverage, or any products of distillation, by whatever name known, that contain distilled spirits, alcoholic spirits, or spirits;
- (3) Changing the effective date to October 18, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2331, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



SEAN QUINLAN, Chair



