

STAND. COM. REP. NO.

1861

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 647
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred H.B. No. 647, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ALCOHOL,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a definition of "low alcohol by volume spirits beverage";
- (2) Establish a tax on low alcohol by volume spirits beverages at a rate of \$1.98 per wine gallon; and
- (3) Expand the definition of "beer" under the State's liquor tax and liquor regulatory laws, to specify that the term includes an alcohol by volume of no less than 0.5 per cent, but excludes certain other forms of distillation.

Your Committees received testimony in support of this measure from Pacific Business Advocates LLC, Johnson Brothers of Hawaii, and Kōloa Rum Company. Your Committees received testimony in opposition to this measure from Lanikai Brewing Company, Wine Institute, Craft 'Ohana, Constellation Brands Beer Division, Molson Coors, Brewers Association, Heineken, and Beer Institute. Your



Committees received comments on this measure from the Department of Taxation.

Your Committees find that the existing statutory definition of "beer" is limited and does not reflect the public's perception of beer in the current marketplace, or adequately represent the unique aspects of craft beer ingredients that brewers use to develop new products and new offerings, which are becoming more popular across the United States. Furthermore, the State's definition is not the same as the federal definition, which includes a broader range of substitutes or additions to malted barley and fermentable sugars. This measure will help foster the creation of new and unique styles of beer that are well-suited for the inclusion of Hawai'i-grown products and will have a significant benefit for local, small, independent craft breweries across the State.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 647, H.D. 1, S.D. 1, and recommend that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Ways and Means,


DONOVAN M. DELA CRUZ, Chair


KARL RHOADS, Chair



