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# A BILL FOR AN ACT

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RELATING TO TAXATION.

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

1       SECTION 1. The legislature finds that the existing  
2       taxation scheme on beer is confusing, burdensome, and unfairly  
3       discriminatory. A lower tax rate is imposed on draft beer,  
4       which is statutorily defined as beer in an individual container  
5       of seven gallons or more. However, the container size  
6       requirement does not align with industry practices, and no other  
7       alcohol is taxed based on the size of the container from which  
8       it is dispensed. Most retailers, restaurants, and bars, as well  
9       as many local small brewers, dispense what is commonly referred  
10      to as draft beer from kegs smaller than seven gallons. This is  
11      due to the restricted space available to restaurants in the  
12      State and limited production of small brewers. The purpose of  
13      this Act is to amend the definition of "draft beer" to address  
14      this discrepancy.

15      SECTION 2. Section 244D-1, Hawaii Revised Statutes, is  
16      amended by amending the definition of "draft beer" to read as  
17      follows:



1       ""Draft beer" means beer in an individual container of  
2   ~~[seven]~~ five gallons or more."

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 Statutory material to be repealed is bracketed  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

5       SECTION 4. This Act shall take effect on January 1, 2026.



H.B. NO. 1370  
H.D. 1  
S.D. 1  
C.D. 1

**Report Title:**

Beer; Draft Beer; Definition; Liquor Tax

**Description:**

Amends the definition of draft beer used in liquor tax laws to mean beer in an individual container of five gallons or more. Effective 1/1/2026. (CD1)

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