

JAN 17 2025

A BILL FOR AN ACT

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. Most
7 retailers, restaurants, and bars, as well as many local small
8 brewers, dispense what is commonly referred to as draft beer
9 from kegs smaller than seven gallons. This is due to the
10 restricted space available to restaurants in the State and
11 limited production of small brewers. The legislature further
12 finds that no other alcohol is taxed based on the size of the
13 container from which it is dispensed. Nevertheless, all draft
14 beer is served from a keg to a tap, regardless of size. The
15 purpose of this Act is to amend the definition of "draft beer"
16 to address this discrepancy.



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

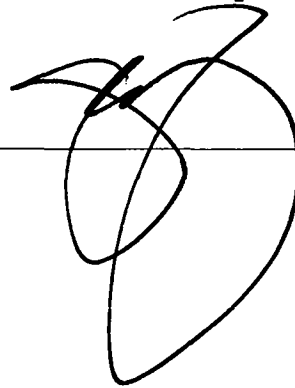
4 ""Draft beer" means beer in an individual container of
5 [~~seven~~] five gallons or more."

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 Statutory material to be repealed is bracketed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

8 SECTION 4. This Act shall take effect on July 1, 2025.

9

INTRODUCED BY: _____

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S.B. NO. 978

Report Title:

Beer; Draft Beer; Definitions; Amend

Description:

Amends the definition of draft beer to mean beer in an individual container of five gallons or more.

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