

STAND. COM. REP. NO.

899

Honolulu, Hawaii

FEB 27 , 2025

RE: H.B. No. 1370

H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 1370, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the definition of
draft beer, for purposes of the Liquor Tax Law, to mean beer in an
individual container of five gallons or more.

Your Committee received testimony in support of this measure
from the Maui Brewing Co.; Hana Koa Brewing Co.; Kauai Beer
Company; Lanikai Brewing Company; Honolulu Beerworks; Kaua'i Island
Brewing Company, LLC; Napali Brewing Company; Howzit Brewing;
Brewers Association; Ola Brew Co.; Big Island Brewhaus; and two
individuals. Your Committee received comments on this measure
from the Department of Taxation.

Your Committee finds that the classification of draft beer
under the Liquor Tax Law is inconsistent with the existing
industry practice. The common container sizes for draught beer
are 15.5-gallon kegs, 13.2-gallon kegs, and 5.16-gallon kegs. In
the 1990s, 7.75-gallon kegs were popular but have since dwindled
in popularity. Now, businesses prefer to either have the bigger
size or smaller size, not the intermediate option.

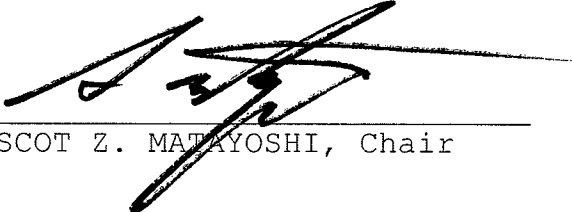


Your Committee further finds that most restaurants and bars in the State have limited space and typically order individual container sizes of 5.16-gallon kegs. Many establishments can only accommodate the smaller kegs, including Waikiki hotel bars and pool bars. This measure amends the definition of draft beer under the Liquor Tax Law to conform with industry practices, which will promote compliance, reduce administrative burdens, and foster industry growth among local brewers, distillers, and small producers.

Your Committee notes the request by the Department of Taxation to have this measure take effect January 1, 2026, to provide sufficient time for the Department to make form instruction changes and provide notice to taxpayers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1370, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



SCOT Z. MATAYOSHI, Chair



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Bill/Resolution No.: HB 1370, HD1		Committee Referral: ECD, CPC		Date: 2/20/25	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.					
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)					
CPC Members		Ayes	Ayes (WR)	Nays	Excused
1. MATAYOSHI, Scot Z. (C)		✓			
2. CHUN, Cory M. (VC)		✓			
3. ILAGAN, Greggor					✓
4. ICHIYAMA, Linda		✓			
5. IWAMOTO, Kim Coco		✓			
6. KONG, Sam Satoru		✓			
7. LOWEN, Nicole E.					✓
8. MARTEN, Lisa		✓			
9. TAM, Adrian K.		✓			
10. PIERICK, Elijah					✓
TOTAL (10)		7			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)					
Vice Chair's or designee's signature: _____					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					