

STAND. COM. REP. NO.

1340

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 1370
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, 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 and intent of this measure is to amend the definition of "draft beer" used in liquor tax laws to mean beer in an individual container of five gallons or more.

Your Committee received testimony in support of this measure from Lanikai Brewing Co.; Kauai Beer Company; Maui Brewing Co.; Kona Brewing Co.; Kaua'i Island Brewing Company, LLC; Ola Brew Co.; and Big Island Brewhaus.

Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that draft beer is currently defined as beer in an individual container of seven gallons or more and is subject to a lower liquor tax rate. Your Committee further finds that this definition does not align with industry practices, where most local retailers, restaurants, and bars typically dispense draft beer from kegs smaller than seven gallons. This measure seeks to address this issue by amending the definition of "draft



beer" to include beer in an individual container of five gallons or more.

Your Committee has amended this measure by inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1370, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1370, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

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



JARRETT KEOHOKALOLE, Chair



