

STAND. COM. REP. NO.

421

Honolulu, Hawaii

FEB 11

, 2025

RE: H.B. No. 939
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. 939 entitled:

"A BILL FOR AN ACT RELATING TO ALCOHOL,"

begs leave to report as follows:

The purpose of this measure is to establish a liquor tax rate
for low alcohol by volume spirits beverages.

Your Committee received testimony in support of this measure
from Maui Wine, Ltd.; Lanikai Brewing Co.; Kauai Beer Company;
Kaua'i Island Brewing Co.; Maui Brewing Co.; Johnson Brothers of
Hawaii, Inc.; and one individual. Your Committee received
testimony in opposition to this measure from the Beer Institute;
Wine Institute; and Hawai'i Alcohol Policy Alliance. Your
Committee received comments on this measure from the Department of
Taxation and Tax Foundation of Hawaii.

Your Committee finds that spirits based low-proof, ready-to-
drink beverages are taxed at a rate of \$5.98 a gallon, or more
than six times higher than malt beverages and beer with similar
alcohol by volume. This dramatic difference in the taxation of
products with similar alcohol content creates an unfair
marketplace. This measure adjusts the tax rate for low-proof
spirits-based beverages to be comparable to other low-proof
beverages.

2025-1420 HB939 HD1 HSCR HMSO



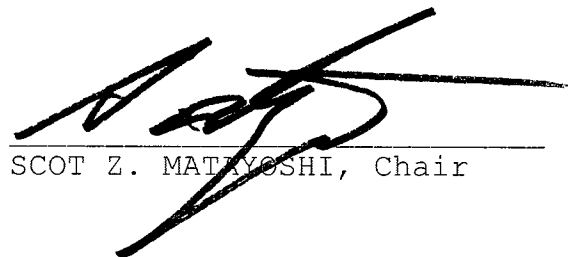
Your Committee has amended this measure by:

- (1) Increasing the tax rate proposed for low alcohol by volume spirits beverages, from 85 cents to 93 cents per wine gallon;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Inserting a three-year sunset date of December 31, 2028.

Your Committee notes that the Department of Taxation, in its written testimony before your Committee, requested that the new tax proposed by this measure begin on January 1, 2026, to allow the Department sufficient time to implement the measure's provisions.

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. 939, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 939, H.D. 1, and be referred to your Committee on Finance.

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



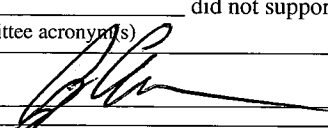
SCOT Z. MATUYOSHI, Chair



State of Hawaii
House of Representatives
The Thirty-third Legislature

HSCR 421

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 939	Committee Referral: CPC, FIN	Date: 2/4/25		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" 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	1		2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: small;">  </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				