

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 939
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. 939, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ALCOHOL,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Define "low alcohol by volume spirits beverage"; and
- (2) Establish a liquor tax rate for low alcohol by volume
spirits beverages at a rate of \$0.93 per wine gallon.

Your Committee received testimony in support of this measure
from Lanikai Brewing Co.; Kauai Beer Company; Kōloa Rum Co.;
Johnson Brothers of Hawaii, Inc.; Maui Brewing Co.; Big Island
Brewhaus; Hanalei Spirits Distillery Corp.; and Kona Brewing
Hawaii.

Your Committee received testimony in opposition to this
measure from the Hawai'i Alcohol Policy Alliance, Wine Institute,
and Beer Institute.

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



Your Committee finds that the tax rate for spirits based low-proof, ready-to-drink beverages under existing law is more than six times higher than the tax rate for malt beverages and beer with similar alcohol by volume. These beverages are currently taxed at the same rate as higher proof distilled spirits, despite having alcohol content more comparable to beer, wine, and cooler beverages. This measure ensures regulatory consistency and supports industry growth by creating a new tax category for low alcohol by volume spirits beverages and applying a more appropriate tax rate for low-proof, ready-to-drink beverages that fairly aligns with other similar alcoholic beverages.

Your Committee has amended this measure by changing the definition of "low alcohol by volume spirits beverage" to mean any alcoholic beverage containing no more than seven, rather than five, percent alcohol by volume.

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. 939, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 939, 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



Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes