

JAN 17 2025

A BILL FOR AN ACT

RELATING TO INTOXICATING LIQUOR.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the existing tax
2 rates applied to certain local small craft producer pub
3 licensees discourage local manufacturing. Lowering the existing
4 tax rates for certain local producers can help support local
5 manufacturing and prioritize the economic development benefits
6 that these producers bring to the State.

7 Accordingly, the purpose of this Act is to:

- 8 (1) Establish lower tax rates for certain small craft
9 producer pub licensees; and
10 (2) Increase the amounts of certain liquor that may be
11 produced by small craft producer pub licensees.

12 SECTION 2. Section 244D-1, Hawaii Revised Statutes, is
13 amended as follows:

14 1. By adding a new definition to be appropriately inserted
15 and to read as follows:

16 "Low alcohol by volume spirits beverage" means any
17 alcoholic beverage containing not more than seven per cent



1 alcohol by volume and includes distilled spirits mixed with
2 other ingredients, including both nonalcohol and alcohol
3 components."

4 2. By amending the definition of "liquor" to read:
5 "Liquor" has the same meaning as set forth in section
6 281-1 and includes alcohol, and the liquor categories: beer,
7 [~~draft beer,~~] cooler beverage, distilled spirits, low alcohol by
8 volume spirits beverage, and wine."

9 SECTION 3. Section 244D-4, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Every person who sells or uses any liquor in the
12 State not taxable under this chapter, in respect of the
13 transaction by which the person or the person's vendor acquired
14 the liquor, shall pay a gallonage tax that is hereby imposed at
15 the following rates for the various liquor categories defined in
16 section 244D-1:

17 On July 1, 1998, and thereafter, the tax rate shall be:

- 18 (1) \$5.98 per wine gallon on distilled spirits;
- 19 (2) \$2.12 per wine gallon on sparkling wine;
- 20 (3) \$1.38 per wine gallon on still wine;
- 21 (4) \$0.85 per wine gallon on cooler beverages;



1 (5) \$0.93 per wine gallon on beer other than draft beer;
2 and

3 (6) \$0.54 per wine gallon on draft beer;

4 provided that, for class 18 small craft producer pub
5 licensees pursuant to section 281-31(r), for the period
6 July 1, 2025, and thereafter, the tax rate shall be:

7 (1) \$1.98 per wine gallon on distilled spirits;

8 (2) \$1.38 per wine gallon on sparkling wine;

9 (3) \$1.28 per wine gallon on low alcohol by volume spirits
10 beverages;

11 (4) \$0.90 per wine gallon on still wine;

12 (5) \$0.55 per wine gallon on cooler beverages; and

13 (6) \$0.35 per wine gallon on beer;

14 and at a proportionate rate for any other quantity so sold or
15 used."

16 SECTION 4. Section 281-31, Hawaii Revised Statutes, is
17 amended by amending subsection (r) to read as follows:

18 "(r) Class 18. Small craft producer pub license. A small
19 craft producer pub licensee:

20 (1) Shall manufacture not more than:



- 1 (A) [~~Seventy~~] One hundred seventy-five thousand
2 barrels of malt beverages;
- 3 (B) Twenty thousand barrels of wine; or
- 4 (C) Seven thousand five hundred barrels of alcohol on
5 the licensee's premises during the license year;
6 provided that for purposes of this paragraph, "barrel"
7 means a container not exceeding thirty-one gallons or
8 wine gallons of liquor;
- 9 (2) May sell malt beverages, wine, or alcohol manufactured
10 on the licensee's premises for consumption on the
11 premises;
- 12 (3) May sell malt beverages, wine, or alcohol manufactured
13 by the licensee in producer-sealed packages to class 3
14 wholesale dealer licensees pursuant to conditions
15 imposed by the county by ordinance or rule;
- 16 (4) May sell intoxicating liquor purchased from a class 3
17 wholesale dealer licensee to consumers for consumption
18 on the licensee's premises. The categories of
19 establishments shall be as follows:
- 20 (A) A standard bar; or



1 (B) Premises in which live entertainment or recorded
2 music is provided. Facilities for dancing by the
3 patrons may be permitted as provided by
4 commission rules;

5 (5) May, subject to federal labeling and bottling
6 requirements, sell malt beverages manufactured on the
7 licensee's premises to consumers in producer-sealed
8 kegs and recyclable or reusable containers and sell
9 malt beverages manufactured on the licensee's premises
10 or purchased from a class 1 manufacturer licensee, a
11 class 3 wholesale dealer licensee, a class 14 brewpub
12 licensee, or a class 18 small craft producer pub
13 licensee to consumers in growlers for off-premises
14 consumption; provided that for purposes of this
15 paragraph, "growler" means a recyclable or reusable
16 container that does not exceed one gallon, which shall
17 be securely sealed;

18 (6) May, subject to federal labeling and bottling
19 requirements, sell wine or alcohol manufactured on the
20 licensee's premises in recyclable containers provided



1 by the licensee or by the consumer which do not
2 exceed:
3 (A) One gallon per container for wine; and
4 (B) One liter for alcohol; and
5 are securely sealed on the licensee's premises to
6 consumers for off-premises consumption;
7 (7) Shall comply with all requirements pertaining to class
8 4 retail dealer licensees when engaging in the retail
9 sale of malt beverages, wine, and alcohol;
10 (8) May, subject to federal labeling and bottling
11 requirements, sell malt beverages, wine, and alcohol
12 manufactured on the licensee's premises in
13 producer-sealed containers directly to class 2
14 restaurant licensees, class 3 wholesale dealer
15 licensees, class 4 retail dealer licensees, class 5
16 dispenser licensees, class 6 club licensees, class 8
17 transient vessel licensees, class 9 tour or cruise
18 vessel licensees, class 10 special licensees, class 11
19 cabaret licensees, class 12 hotel licensees, class 13
20 caterer licensees, class 14 brewpub licensees,
21 class 15 condominium hotel licensees, class 18 small



1 craft producer pub licensees, and consumers pursuant
2 to conditions imposed by county ordinances or rules
3 governing class 1 manufacturer licensees and class 3
4 wholesale dealer licensees;

5 (9) May conduct the activities under paragraphs (1) to (8)
6 at locations other than the licensee's premises;
7 provided that:

8 (A) The manufacturing takes place in Hawaii;

9 (B) Each of the other locations:

10 (i) Operates within the State under the same
11 trade name for the premises; and

12 (ii) Is properly licensed within the county of
13 its operation as a class 1 manufacturer
14 licensee, class 2 restaurant licensee,
15 class 4 retail dealer licensee, class 5
16 dispenser licensee, class 12 hotel licensee,
17 class 14 brewpub licensee, or class 18 small
18 craft producer pub licensee;

19 (C) The county liquor commission of the county in
20 which the licensee satellite is located shall
21 have jurisdiction of the satellite; and



1 (D) All requirements of the license class of the
2 location shall be in effect as required by the
3 county liquor commission for the satellite
4 licensed premises; and

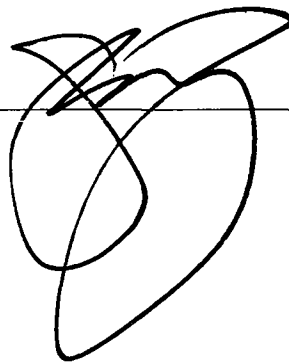
5 (10) May allow minors, who are accompanied by a parent or
6 legal guardian of legal drinking age, on the
7 licensee's premises."

8 SECTION 5. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 6. This Act shall take effect on July 1, 2025.

11

INTRODUCED BY: _____

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S.B. NO. 977

Report Title:

Small Craft Producer Tax Rate; Low Alcohol by Volume Spirits Beverages; Liquor Tax

Description:

Defines low alcohol by volume spirits beverages. Establishes lower tax rates for class 18 small craft producer pub licensees, including for low alcohol by volume spirits beverages.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

