

ACT 335

H.B. NO. 3514

A Bill for an Act Relating to Liquor Tax.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 244D-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) Every person who sells or uses any liquor not taxable under this chapter, in respect of the transaction by which such person or the person’s vendor acquired such liquor, shall pay [an excise] a gallonage tax which is hereby imposed at the following rates for the various liquor categories defined in section 244D-1:

- (1) \$5.20 per wine gallon on distilled spirits;
- (2) \$2.00 per wine gallon on sparkling wine;
- (3) \$1.30 per wine gallon on still wine;
- (4) \$ .81 per wine gallon on cooler beverages;
- (5) \$ .81 per wine gallon on beer other than draft beer;
- (6) \$ .50 per wine gallon on draft beer;

and at a proportionate rate for any other quantity so sold or used.”

SECTION 2. Section 244D-4.5, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~**§244D-4.5**~~]]~~ **Adjustment of tax rate.** (a) After July 1, 1987, the tax rate for a given liquor category taxed in section 244D-4(a) shall be adjusted automatically on January 1 or July 1, as the case may be, in the following circumstances. If at the end of a six-month reporting period ending on March 31 [and] or September 30 the department finds that:

- (1) The:
  - (A) Total gallonage for a given liquor category has not declined over the same six-month reporting period; and
  - (B) Unit price for such liquor category over such six-month reporting period has increased over the corresponding unit price over the preceding six-month reporting period; or
- (2) The:
  - (A) Total gallonage for a given liquor category has not declined over the same six-month reporting period; and

- (B) Unit price for such liquor category over such six-month reporting period has decreased over the corresponding unit price over the preceding six-month reporting period;

then the tax rate, rounded to the nearest whole cent, for the liquor category or liquor categories shall increase or decrease, as appropriate, in the same percentage as the increase or decrease in unit price. Under no circumstances shall the tax rate for a liquor category be decreased below the tax rates established by section 244D-4(a).

The department shall make its determination [no] based upon information it receives from returns representing not less than ninety per cent of the estimated sales volume by wine gallonage by liquor categories required to be filed for the six-month reporting period not later than [ninety] one hundred-eighty days following the close of such six-month reporting period[.]. The department shall circulate the tax rate change to each permittee[,] and shall publish the tax rate change in a newspaper of general circulation in the State.

The tax rate increase or decrease, as appropriate, shall be effective on the January 1 or July 1 next following such determination.

(b) [After] On or after January 1, 1989, the tax rate for a given liquor category in each paragraph in section 244D-4(a) shall be adjusted automatically on January 1 or July 1, as the case may be, in the following circumstances. If at the end of a [fiscal] twelve-month reporting period ending on June 30 or [calendar year reporting period] a twelve-month reporting period ending on December 31 the department finds that:

(1) The:

(A) Total gallonage for a given liquor category has not declined over the [same] preceding twelve-month reporting period; and

(B) Unit price for [such] the given liquor category over [such] a twelve-month reporting [has increased over]<sup>1</sup> period is greater than the corresponding unit price for that liquor category over the preceding twelve-month reporting period; or

(2) The:

(A) Total gallonage for a given liquor category has not declined over the [same] preceding twelve-month reporting period; and

(B) Unit price for [such] the given liquor category over [such] a twelve-month reporting period [has decreased over] is less than the corresponding unit price for that liquor category over the preceding twelve-month reporting period;

then the tax rate, rounded to the nearest whole cent, for the liquor category or liquor categories shall increase or decrease, as appropriate, in the same percentage as the increase or decrease in unit price. Under no circumstances shall the tax rate for a liquor category be decreased below the tax rates established by section 244D-4(a).

The department shall make its determination [no] based upon information it receives from returns representing not less than ninety per cent of the estimate sales volume by wine gallonage by liquor category required to be filed for the twelve-month reporting period not later than [ninety] one hundred-eighty days following the close of such twelve-month reporting period[.]. The department shall circulate the tax rate change to each permittee[,] and shall publish the tax rate change in a newspaper of general circulation in the State.

The tax rate increase or decrease, as appropriate, shall be effective on the January 1 or July 1 next following such determination.”

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.

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**SECTION 4.** This Act shall take effect upon its approval.  
(Approved June 13, 1988.)

**Note**

1. So in original.