STAND. COM. REP. NO. 1861

Honolulu, Hawaii

APR 0 6 2023

RE: H.B. No. 647

H.D. 1 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred H.B. No. 647, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ALCOHOL,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a definition of "low alcohol by volume spirits beverage";
- (2) Establish a tax on low alcohol by volume spirits beverages at a rate of \$1.98 per wine gallon; and
- (3) Expand the definition of "beer" under the State's liquor tax and liquor regulatory laws, to specify that the term includes an alcohol by volume of no less than 0.5 per cent, but excludes certain other forms of distillation.

Your Committees received testimony in support of this measure from Pacific Business Advocates LLC, Johnson Brothers of Hawaii, and Kōloa Rum Company. Your Committees received testimony in opposition to this measure from Lanikai Brewing Company, Wine Institute, Craft 'Ohana, Constellation Brands Beer Division, Molson Coors, Brewers Association, Heineken, and Beer Institute. Your

Committees received comments on this measure from the Department of Taxation.

Your Committees find that the existing statutory definition of "beer" is limited and does not reflect the public's perception of beer in the current marketplace, or adequately represent the unique aspects of craft beer ingredients that brewers use to develop new products and new offerings, which are becoming more popular across the United States. Furthermore, the State's definition is not the same as the federal definition, which includes a broader range of substitutes or additions to malted barley and fermentable sugars. This measure will help foster the creation of new and unique styles of beer that are well-suited for the inclusion of Hawai'i-grown products and will have a significant benefit for local, small, independent craft breweries across the State.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 647, H.D. 1, S.D. 1, and recommend that it pass Third Reading.

Respectfully submitted on behalf of the members of the Committees on Judiciary and Ways and Means,

DONOVAN M. DELA CRUZ, Chair

KARL RHOADS, Chair

The Senate Thirty-Second Legislature State of Hawai'i

Record of Votes Committee on Judiciary JDC

Bill / Resolution No.:* HB (47 HDI SDI	Committee Referral: Date: CPN, JDC/WAM 4/6/23							
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:								
The Recommendation is:								
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313								
Members		Aye 🖊	Aye (WR)	Nay	Excused			
RHOADS, Karl (C)		V	<u>, </u>					
GABBARD, Mike (VC)		V	/					
ELEFANTE, Brandon J.C.		V	/					
SAN BUENAVENTURA, Joy	٩.	V						
AWA, Brenton								
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TOTAL	,	4			1			
Recommendation: Adopted Not Adopted								
Chair's & Designer's Signature:								
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy								

*Only one measure per Record of Votes

The Senate Thirty-Second Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

	Committee Referral: Date: 4/6/23						
The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:							
The Recommendation is:							
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313							
Members	Aye	Aye (WR)	Nay	Excused			
DELA CRUZ, Donovan M. (C)	X						
KEITH-AGARAN, Gilbert S.C. (VC)	X						
AQUINO, Henry J.C.	X						
DECOITE, Lynn	X						
INOUYE, Lorraine R.	X						
KANUHA, Dru Mamo	X						
KIDANI, Michelle N.	X						
KIM, Donna Mercado	X						
LEE, Chris	Х						
MORIWAKI, Sharon Y.	X						
SHIMABUKURO, Maile S.L.	X						
WAKAI, Glenn				Χ			
FEVELLA, Kurt				Х			
TOTAL	11			2			
Recommendation: X Adopted Not Adopted							
Chair's or Designee's Signature:							
Oss A.C. Such-agenc							
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy							

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