STAND. COM. REP. NO.

Honolulu, Hawaii

MAR 2 1 2025

RE: H.B. No. 1370

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. 1370, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the definition of "draft beer" used in liquor tax laws to mean beer in an individual container of five gallons or more.

Your Committee received testimony in support of this measure from Lanikai Brewing Co.; Kauai Beer Company; Maui Brewing Co.; Kona Brewing Co.; Kaua'i Island Brewing Company, LLC; Ola Brew Co.; and Big Island Brewhaus.

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

Your Committee finds that draft beer is currently defined as beer in an individual container of seven gallons or more and is subject to a lower liquor tax rate. Your Committee further finds that this definition does not align with industry practices, where most local retailers, restaurants, and bars typically dispense draft beer from kegs smaller than seven gallons. This measure seeks to address this issue by amending the definition of "draft"

beer" to include beer in an individual container of five gallons or more.

Your Committee has amended this measure by inserting an effective date of July 1, 2050, to encourage further discussion.

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. 1370, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1370, 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

The Senate Thirty-Third Legislature State of Hawai'i

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral:			Date:		
HB 1370 HD1	CPN, WAM			3/19/25		
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 (WI	R) I	Nay	Excused
KEOHOKALOLE, Jarrett (C)		/				
FUKUNAGA, Carol (VC)		V				
MCKELVEY, Angus L.K.		/				
RICHARDS, III, Herbert M. "Tim"						
AWA, Brenton		V				
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TOTAL		4				/
Recommendation: Adopted Not Adopted						
Chair's or Designee's Signature:						
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Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Committee						

*Only one measure per Record of Votes