

STAND. COM. REP. NO. 1746

Honolulu, Hawaii

APR 04 2025

RE: H.B. No. 939
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 939, H.D. 1, S.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 define and establish a tax on low alcohol by volume spirits beverages.

Your Committee received written comments in support of this measure from Beer Lab HI, Big Island Brewhaus LLC, Hanalei Spirits Distillery, Hawaiian Craft Brewers Guild, Johnson Brothers of Hawaii, Kauai Beer Company, Kona Brewing Hawaii, Koolau Distillery, Maui Brewing Co., Napali Brewing Company, and two individuals.

Your Committee received written comments in opposition to this measure from the Wine Institute.

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

Your Committee finds that a "cooler beverages" tax is currently applied to beer- and wine-based beverages, in recognition that these beverages contain a mix of alcohol and

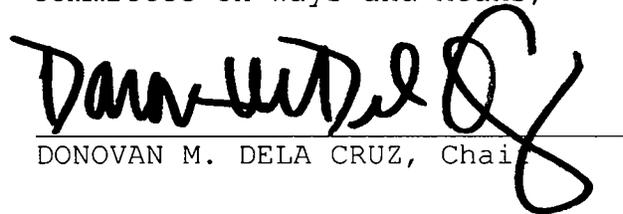


non-alcoholic components. Your Committee further finds that locally produced spirits-based ready-to-drink beverages are taxed at a much higher rate, as if the entire volume of the beverage were alcohol even though it is not. Your Committee recognizes that this discrepancy imposes an excessively high and unfair tax burden on local distilleries, thereby hindering the growth of this emerging industry in the State. Your Committee also notes that existing limits on the volume of beer, wine, or alcohol that a small craft producer pub licensee may manufacturer are outdated and unreasonably restrict economic growth and opportunity in this industry.

Your Committee has amended this measure by increasing small craft producer pub production limits under section 281-31(r), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 939, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 939, H.D. 1, S.D. 2.

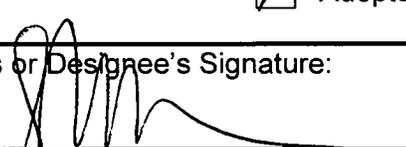
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB339 HDI SDI	Committee Referral: CPN, WAM	Date: 4/2/2025		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee'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