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# A BILL FOR AN ACT

RELATING TO THE LIQUOR TAX LAW.

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

1 SECTION 1. Section 244D-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4 "Proof gallon" means that liquid measure containing one  
5 hundred twenty-eight fluid ounces (3.7854 liters) of one hundred  
6 proof distilled spirits containing fifty per cent alcohol by  
7 volume. The proof gallon for spirits containing less than or  
8 more than fifty per cent alcohol by volume is calculated by  
9 multiplying the proof by 0.01."

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

12 1. By amending the definition of "beer" to read:

13 "Beer" means any alcoholic beverage [~~obtained~~] either:

14 (1) Obtained by the fermentation or any infusion or  
15 decoction of barley, malt, hops, or any other similar  
16 product, or any combination thereof in water, and  
17 includes ale, porter, brown, stout, lager beer, small  
18 beer, and strong beer; or



1        (2) Produced from a malt beverage base to which non-  
2        beverage flavorings are added,  
3 but does not include sake, known as Japanese rice wine [~~7~~~~or~~  
4 ~~cooler beverage~~]."

5        2. By deleting the definition of "cooler beverage":

6        [~~"Cooler beverage" means either (1) a wine cooler~~  
7 ~~containing wine and more than fifteen per cent added natural or~~  
8 ~~artificial blending material, such as fruit juices, flavors,~~  
9 ~~flavorings, or adjuncts, water (plain, carbonated, or~~  
10 ~~sparkling), colorings, or preservatives, and which contains less~~  
11 ~~than seven per cent of alcohol by volume; or (2) a malt beverage~~  
12 ~~cooler containing beer and added natural or artificial blending~~  
13 ~~material such as fruit juices, flavors, flavorings, colorings,~~  
14 ~~or preservatives, and which contains less than seven per cent of~~  
15 ~~alcohol by volume."~~]

16        3. By amending the definition of "distilled spirits" to  
17 read:

18        "'Distilled spirits" means an alcoholic beverage obtained  
19 by the distillation of fermented agricultural products [~~7~~] and  
20 includes alcohol for beverage use, spirits of wine, whiskey,  
21 rum, brandy, and gin, including all dilutions and mixtures



1 thereof, but does not include beer, draft beer, [~~cooler~~  
2 ~~beverage,~~] or wine."

3 4. By amending the definition of "liquor" to read:

4 "Liquor" has the same meaning as set forth in section 281-  
5 1 and includes alcohol, and the liquor categories: beer, draft  
6 beer, [~~cooler beverage,~~] distilled spirits, and wine."

7 5. By amending the definition of "wine" to read:

8 "Wine" means the product obtained from normal alcoholic  
9 fermentation of the juice of sound ripe grapes or other  
10 agricultural products containing natural or added sugar or any  
11 such alcoholic beverage to which is added grape brandy, fruit  
12 brandy, or spirits of wine, which is distilled from the  
13 particular agricultural product or products of which the wine is  
14 made and other rectified wine products and by whatever name and  
15 which contains not more than twenty-four per cent of alcohol by  
16 volume, and includes vermouth and sake, known as Japanese rice  
17 wine[~~, but does not include cooler beverage~~]."

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

20 "(a) Every person who sells or uses any liquor in the  
21 State not taxable under this chapter, in respect of the  
22 transaction by which the person or the person's vendor acquired



1 the liquor, shall pay a [~~gallonage~~] tax which is hereby imposed  
2 at the following rates for the various liquor categories defined  
3 in section 244D-1:

4 [~~For the period July 1, 1997, to June 30, 1998, the tax~~  
5 ~~rate shall be:~~

- 6 ~~(1) \$5.92 per wine gallon on distilled spirits;~~
- 7 ~~(2) \$2.09 per wine gallon on sparkling wine;~~
- 8 ~~(3) \$1.36 per wine gallon on still wine;~~
- 9 ~~(4) \$0.84 per wine gallon on cooler beverages;~~
- 10 ~~(5) \$0.92 per wine gallon on beer other than draft beer;~~
- 11 ~~(6) \$0.53 per wine gallon on draft beer;~~

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

- 13 ~~(1) \$5.98 per wine gallon on distilled spirits;~~
- 14 ~~(2) \$2.12 per wine gallon on sparkling wine;~~
- 15 ~~(3) \$1.38 per wine gallon on still wine;~~
- 16 ~~(4) \$0.85 per wine gallon on cooler beverages;~~
- 17 ~~(5) \$0.93 per wine gallon on beer other than draft beer;~~
- 18 ~~(6) \$0.54 per wine gallon on draft beer;]~~

19 On July 1, 2006, and thereafter, the tax rate shall be:

- 20 (1) \$7.42 on each proof gallon of distilled spirits and a
- 21 proportionate tax at the same rate on all fractional
- 22 parts of a proof gallon. Wines containing more than



1 twenty-four per cent alcohol by volume shall be taxed  
2 as distilled spirits;

3 (2) \$2.12 per wine gallon on sparkling wine;

4 (3) \$3.53 per wine gallon on still wine containing more  
5 than twenty-one per cent and not exceeding twenty-four  
6 per cent alcohol by volume;

7 (4) \$3.09 per wine gallon on still wine containing more  
8 than fourteen per cent and not exceeding twenty-one  
9 per cent alcohol by volume;

10 (5) \$2.11 per wine gallon on still wine containing not  
11 more than fourteen per cent alcohol by volume;

12 (6) \$0.91 per wine gallon on beer other than draft beer;

13 (7) \$0.54 per wine gallon on draft beer;

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

16 SECTION 4. Section 244D-6, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "**§244D-6 Return, form, contents.** Every taxpayer [~~shall~~],  
19 on or before the last day of each month, shall file with the  
20 department of taxation in the taxation district in which the  
21 taxpayer's business premises are located, or with the department  
22 in Honolulu, a return showing all sales of liquor by proof



1 gallonage or gallonage and dollar volume in each liquor category  
2 defined in section 244D-1 and taxed under section 244D-4(a) made  
3 by the taxpayer during the preceding month, showing separately  
4 the amount of the nontaxable sales, and the amount of the  
5 taxable sales, and the tax payable thereon. The return shall  
6 also show the amount of liquor by proof gallonage or gallonage  
7 and dollar volume in each liquor category defined in section  
8 244D-1 and taxed under section 244D-4(a) used during the  
9 preceding month which is subject to tax[7] and the tax payable  
10 thereon. The form of return shall be prescribed by the  
11 department and shall contain such information as it may deem  
12 necessary for the proper administration of this chapter."

13 SECTION 5. Section 244D-9, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15 "(a) Every dealer shall keep a record of all sales of  
16 liquor by proof gallonage or gallonage and dollar volume in each  
17 liquor category defined in section 244D-1 and taxed under  
18 section 244D-4(a) made by the dealer, in such form as the  
19 department of taxation may prescribe. Every person holding a  
20 license under the liquor law, other than a manufacturer's or  
21 wholesaler's license, shall keep a record of all purchases by  
22 the person of liquor by proof gallonage or gallonage and dollar



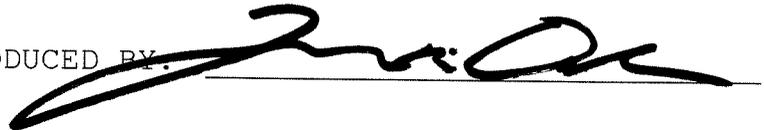
1 volume in each liquor category defined in section 244D-1 and  
2 taxed under section 244D-4(a), in such form as the department  
3 may prescribe. All such records shall be offered for inspection  
4 and examination at any time upon demand by the department or  
5 commission and shall be preserved for a period of five years,  
6 except that the department may in writing consent to their  
7 destruction within such period or may require that they be kept  
8 longer."

9 SECTION 6. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 7. This Act shall take effect on January 1, 2008.

12

INTRODUCED BY

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JAN 17 2007



**Report Title:**

Liquor Tax

**Description:**

Revises liquor tax to a gallonage rate based on the alcohol content of the various categories of liquor.

