

JAN 27 2021

A BILL FOR AN ACT

RELATING TO LIQUOR.

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

1 SECTION 1. The legislature finds that alcohol consumption
2 contributes to hundreds of deaths each year in Hawaii.
3 According to the United States Centers for Disease Control and
4 Prevention, there was an average of three hundred eighty-four
5 alcohol attributable deaths per year in Hawaii between 2011 to
6 2015. Of those deaths, approximately ninety per cent were due
7 to excessive alcohol use, which includes binge drinking, heavy
8 drinking, and any drinking by pregnant women or people under the
9 age of twenty-one. It is estimated that excessive alcohol use
10 shortened the lives of those who died in Hawaii by an average of
11 27.2 years.

12 Although it is often assumed that most excessive drinkers
13 are alcohol dependent, one study found that ninety per cent of
14 excessive drinkers did not meet the criteria for alcohol
15 dependence. The most common form of excessive alcohol use is
16 binge drinking, which is defined as consuming four or more
17 drinks during a single occasion for women and five or more



1 drinks during a single occasion for men. Heavy drinking is
2 defined as consuming eight or more drinks per week for women and
3 fifteen or more drinks per week for men.

4 The legislature further finds that there are several short-
5 and long-term health risks associated with excessive alcohol
6 use. The immediate health risks of excessive alcohol use may
7 include injuries, such as motor vehicle crashes, falls,
8 drownings, and burns; violence, including homicide, suicide,
9 sexual assault, and intimate partner violence; alcohol
10 poisoning; and risky sexual behaviors, such as unprotected sex
11 or sex with multiple partners, which can result in unintended
12 pregnancy or sexually transmitted diseases. For pregnant women,
13 excessive alcohol use may result in miscarriage and stillbirth
14 or fetal alcohol spectrum disorders. Over time, excessive
15 alcohol use can cause chronic diseases and other serious
16 problems including high blood pressure, heart disease, stroke,
17 liver disease, digestive problems, certain types of cancer, a
18 weakening of the immune system, learning and memory problems,
19 mental health problems, social problems, and alcohol use
20 disorders or alcohol dependence.



1 In addition to the health risks associated with excessive
2 alcohol use, the legislature also finds that excessive alcohol
3 use contributes to significant economic costs to the State,
4 including health care, lost productivity, and criminal justice
5 costs. According to a 2010 study, the estimated total cost of
6 excessive alcohol use in Hawaii was \$937,400,000 or \$1.58 per
7 drink, with the state government paying 39.4 per cent of these
8 costs which translate to \$369,200,000 or \$0.62 per drink.

9 If the State assessed a 5 cent surcharge per 1.5 ounces of
10 distilled spirits, five ounces of wine, and twelve ounces of
11 beer, the projected revenue would total \$32,000,000. A 10 cent
12 surcharge would result in projected revenues of \$62,700,000.
13 Despite these projected revenues, a 10 cent per drink surcharge
14 would only nominally increase costs for most individuals. An
15 individual who excessively consumes alcohol would pay nearly \$27
16 per year as a result of the 10 cent surcharge whereas a
17 non-excessive drinker would pay less than \$5 per year.
18 Individuals who abstain from alcohol would pay nothing.

19 The purpose of this Act is to establish a three-year
20 surcharge on the liquor tax.



S.B. NO. 1232

1 SECTION 2. Section 244D-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§244D-4 Tax; limitations.** (a) Every person who sells or
4 uses any liquor in the State not taxable under this chapter, in
5 respect of the transaction by which the person or the person's
6 vendor acquired the liquor, shall pay a gallonage tax which is
7 hereby imposed at the following rates for the various liquor
8 categories defined in section 244D-1:

9 (1) For the period July 1, 1997, to June 30, 1998, the tax
10 rate shall be:

11 [~~+1~~] (A) \$5.92 per wine gallon on distilled spirits;

12 [~~+2~~] (B) \$2.09 per wine gallon on sparkling wine;

13 [~~+3~~] (C) \$1.36 per wine gallon on still wine;

14 [~~+4~~] (D) \$0.84 per wine gallon on cooler beverages;

15 [~~+5~~] (E) \$0.92 per wine gallon on beer other than draft

16 beer; and

17 [~~+6~~] (F) \$0.53 per wine gallon on draft beer; and

18 (2) On July 1, 1998, and thereafter, the tax rate shall
19 be:

20 [~~+1~~] (A) \$5.98 per wine gallon on distilled spirits;

21 [~~+2~~] (B) \$2.12 per wine gallon on sparkling wine;



- 1 [~~(3)~~] (C) \$1.38 per wine gallon on still wine;
 2 [~~(4)~~] (D) \$0.85 per wine gallon on cooler beverages;
 3 [~~(5)~~] (E) \$0.93 per wine gallon on beer other than draft
 4 beer; and
 5 [~~(6)~~] (F) \$0.54 per wine gallon on draft beer;

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

8 (b) The tax levied pursuant to subsection (a) shall be
 9 paid only once upon the same liquor; provided [~~further~~] that the
 10 tax shall not apply to:

- 11 (1) Liquor held for sale by a permittee but not yet sold;
 12 (2) Liquor sold by one permittee to another permittee;
 13 (3) Liquor which under the Constitution and laws of the
 14 United States cannot be legally subjected to the tax
 15 imposed by this chapter so long as and to the extent
 16 to which the State is without power to impose the tax;
 17 (4) Liquor sold for sacramental purposes or the use of
 18 liquor for sacramental purposes, or any liquor
 19 imported pursuant to section 281-33; and
 20 (5) Alcohol sold pursuant to section 281-37 to a person
 21 holding a purchase permit or prescription therefor, or



1 any sale or use of alcohol, so purchased, for other
2 than beverage purposes.

3 (c) Beginning July 1, 2021, and ending June 30, 2024,
4 every person subject to the liquor tax shall pay a cent per
5 drink surcharge on the liquor tax imposed under subsection (a).
6 The surcharge shall be based on 1.50 ounces of distilled
7 spirits, five ounces of sparkling wine or still wine, and twelve
8 ounces of cooler beverages, beer other than draft beer, or draft
9 beer. The proceeds from the surcharge shall be deposited into
10 the general fund."

11 SECTION 3. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take on upon its approval;
14 provided that this Act shall be repealed on June 30, 2024, and
15 section 244D-4, Hawaii Revised Statutes, shall be reenacted in
16 the form in which it read on the day prior to the effective date
17 of this Act.

18

INTRODUCED BY:

A large, stylized handwritten signature in black ink, written over a horizontal line.

S.B. NO. 1232

Report Title:

Liquor Tax; Surcharge

Description:

Establishes a three-year surcharge on the liquor tax. Repeals 06/30/2024.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

