

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 641
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 S.B. No. 641 entitled:

"A BILL FOR AN ACT RELATING TO ALCOHOL,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Define "low alcohol by volume spirits beverage"; and
- (2) Establish a tax on low alcohol by volume spirits at a rate of \$0.85 per wine gallon.

Your Committee received testimony in support of this measure from Maui Wine, Napali Brewing Company, and one individual.

Your Committee received testimony in opposition to this measure from the Beer Institute and Wine Institute.

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

Your Committee finds that it is necessary to define the concept of a "low alcohol by volume spirits beverage" in the Hawaii Revised Statutes governing Liquor Tax Law and to apply an appropriate tax on this new category of product when it is sold in the State. This definition is needed to fill gaps in existing law



and address the popular, growing industry of craft beverages, which comprises drinks such as canned alcoholic cocktails and alcoholic seltzers.

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 S.B. No. 641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 641, 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.:* SB 641	Committee Referral: CPN, WAM	Date: 2/10/25		
<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
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)		✓		
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton			✓	
TOTAL	3	1	1	
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