

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 KEOHOKALO, Chair



Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes