
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 were 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 have died in Hawaii by an
11 average of 27.2 years.

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



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

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



1 In addition to the health risks associated with excessive
2 alcohol use, the legislature notes that excessive alcohol use
3 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 62 cents per drink.

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

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



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

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

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

(1) \$5.98 per wine gallon on distilled spirits;

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

(3) \$1.38 per wine gallon on still wine;

(4) \$0.85 per wine gallon on cooler beverages;

(5) \$0.93 per wine gallon on beer other than draft beer;

and

(6) \$0.54 per wine gallon on draft beer;

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

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



- 1 (1) Liquor held for sale by a permittee but not yet sold;
2 (2) Liquor sold by one permittee to another permittee;
3 (3) Liquor which under the Constitution and laws of the
4 United States cannot be legally subjected to the tax
5 imposed by this chapter so long as and to the extent
6 to which the State is without power to impose the tax;
7 (4) Liquor sold for sacramental purposes or the use of
8 liquor for sacramental purposes, or any liquor
9 imported pursuant to section 281-33; and
10 (5) Alcohol sold pursuant to section 281-37 to a person
11 holding a purchase permit or prescription therefor, or
12 any sale or use of alcohol, so purchased, for other
13 than beverage purposes.

14 (c) Beginning July 1, 2025, and ending June 30, 2028,
15 every person subject to the liquor tax imposed under subsection

16 (a) shall pay a surcharge on the liquor tax of cents per
17 drink. The surcharge shall be imposed per:

- 18 (1) 1.50 ounces of distilled spirits;
19 (2) Five ounces of sparkling wine or still wine; and
20 (3) Twelve ounces of cooler beverages, beer other than
21 draft beer, or draft beer.



H.B. NO. 535

1 The proceeds from the surcharge shall be deposited into the
2 general fund."

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

5 SECTION 4. This Act shall take effect upon its approval;
6 provided that this Act shall be repealed on June 30, 2028, and
7 section 244D-4, Hawaii Revised Statutes, shall be reenacted in
8 the form in which it read on the day prior to the effective date
9 of this Act.

10

INTRODUCED BY:

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JAN 17 2025



H.B. NO. 535

Report Title:

Liquor Tax; Surcharge

Description:

Establishes a three-year surcharge on the liquor tax. Repeals 06/30/2028.

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