
A BILL FOR AN ACT

RELATING TO THE LIQUOR TAX.

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

1 SECTION 1. The legislature finds that the liquor tax rates
2 established under section 244D-4, Hawaii Revised Statutes, have
3 remained unchanged since 1998. Over the past twenty-seven
4 years, the cost of goods and services in the State has increased
5 significantly due to inflation, as measured by the United States
6 Bureau of Labor Statistics Consumer Price Index for All Urban
7 Consumers (CPI-U).

8 The legislature further finds that maintaining the 1998 tax
9 rates in nominal terms fails to reflect the true economic value
10 intended by the original statute and effectively reduces the
11 real tax burden on alcoholic beverages over time. This erodes
12 the tax base and undermines the purpose of the liquor tax, which
13 includes generating revenue for the State and supporting public
14 health objectives.

15 Accordingly, the purpose of this Act is to:

16 (1) Replace the defined liquor categories subject to the
17 liquor tax with alcohol-by-volume categories; and



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

6 1. By amending the definition of "liquor" to read:

7 ""Liquor" has the same meaning as set forth in section 281-
8 1 and includes alcohol, and the [liquor] alcohol-by-volume
9 categories [beer, draft beer, cooler beverage, distilled
10 spirits, and wine.] taxed at the applicable rates under section
11 244D-4(a)."

12 2. By deleting the definition of "beer".

13 ["Beer" means any alcoholic beverage obtained by the
14 fermentation or any infusion or decoction of barley, malt, hops,
15 or any other similar product, or any combination thereof in
16 water, and includes ale, porter, brown, stout, lager beer, small
17 beer, and strong beer but does not include sake, known as
18 Japanese rice wine, or cooler beverage."]

19 3. By deleting the definition of "cooler beverage".

20 ~~"Cooler beverage" means either a:~~



1 (1) ~~Wine cooler containing wine and more than fifteen per~~
2 ~~cent added natural or artificial blending material,~~
3 ~~such as fruit juices, flavors, flavorings, or~~
4 ~~adjuncts, water (plain, carbonated, or sparkling),~~
5 ~~colorings, or preservatives, and that contains less~~
6 ~~than seven per cent of alcohol by volume; or~~
7 (2) ~~Malt beverage cooler containing beer and added natural~~
8 ~~or artificial blending material, such as fruit juices,~~
9 ~~flavors, flavorings, colorings, or preservatives, and~~
10 ~~that contains less than seven per cent of alcohol by~~
11 ~~volume."]~~

12 4. By deleting the definition of "distilled spirits".

13 [""Distilled spirits" means an alcoholic beverage obtained
14 by the distillation of fermented agricultural products, and
15 includes alcohol for beverage use, spirits of wine, whiskey,
16 rum, brandy, and gin, including all dilutions and mixtures
17 thereof, but does not include beer, draft beer, cooler beverage,
18 or wine."]

19 5. By deleting the definition of "draft beer".

20 [""Draft beer" means beer in an individual container of
21 five gallons or more."]



1 6. By deleting the definition of "sparkling wine".

2 ~~[""Sparkling wine" means champagne and any other~~
3 ~~effervescent wine charged with more than 0.392 grams of carbon~~
4 ~~dioxide per 100 milliliters of wine, whether artificially or as~~
5 ~~a result of secondary fermentation of wine within the~~
6 ~~container."]~~

7 7. By deleting the definition of "still wine".

8 ~~[""Still wine" means any nonsparkling wine and shall~~
9 ~~include those wines containing not more than 0.392 grams of~~
10 ~~carbon dioxide per 100 milliliters of wine."]~~

11 8. By deleting the definition of "wine".

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



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

3 "(a) Every person who sells or uses any liquor in the
4 State not taxable under this chapter, in respect of the
5 transaction by which the person or the person's vendor acquired
6 the liquor, shall pay a gallonage tax that is hereby imposed at
7 the following rates for the various [liquor] alcohol-by-volume
8 categories ~~[defined in section 244D-1:]~~ listed in the applicable
9 tax rate below:

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

11 (1) \$5.98 per wine gallon on distilled spirits;
12 (2) \$2.12 per wine gallon on sparkling wine;
13 (3) \$1.38 per wine gallon on still wine;
14 (4) \$0.85 per wine gallon on cooler beverages;
15 (5) \$0.93 per wine gallon on beer other than draft beer;

16 and

17 (6) \$0.54 per wine gallon on draft beer;

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

20 On July 1, 2026, and thereafter, the tax rate shall be:



1 (1) \$1.00 per gallon on beverages 9.9 per cent alcohol by
2 volume or lower;
3 (2) \$1.75 per gallon on beverages 10 per cent to 15 per
4 cent alcohol by volume;
5 (3) \$6.00 per gallon on beverages 16 per cent to 40 per
6 cent alcohol by volume; and
7 (4) \$6.50 per gallon on beverages above 40 per cent
8 alcohol by volume;
9 and at a proportionate rate for any other quantity so sold or
10 used."

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

13 **"§244D-6 Return, form, contents.** Every taxpayer shall, on
14 or before the twentieth day of each month, file with the
15 department a return showing all sales of liquor by gallonage and
16 dollar volume in each [liquor] alcohol-by-volume category
17 [defined in section 244D-1 and] taxed under section 244D-4(a)
18 made by the taxpayer during the preceding month, showing
19 separately the amount of the nontaxable sales, and the amount of
20 the taxable sales, and the tax payable thereon. The form and
21 manner of the return shall be prescribed by the department and



1 shall contain any information the department may deem necessary
2 for the proper administration of this chapter."

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

5 "(a) Every dealer shall keep a record of all sales of
6 liquor by gallonage and dollar volume in each [liquor] alcohol-
7 by-volume category [~~defined in section 244D-1 and~~] taxed under
8 section 244D-4(a) made by the dealer, in a form prescribed by
9 the department of taxation. Every person holding a license
10 under the liquor law, other than a manufacturer's or
11 wholesaler's license, shall keep a record of all purchases by
12 the person of liquor by gallonage and dollar volume in each
13 [liquor] alcohol-by-volume category [~~defined in section 244D-1~~
14 ~~and~~] taxed under section 244D-4(a), in a form prescribed by the
15 department. All records shall be offered for inspection and
16 examination at any time upon demand by the department and shall
17 be preserved for a period of five years, except that the
18 department may in writing consent to their destruction within
19 the five-year period or may require that they be kept longer.

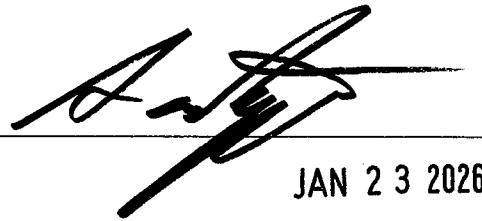


1 The department may by rule require the dealer to keep other
2 records as it may deem necessary for the proper enforcement of
3 this chapter."

4 SECTION 6. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect upon its approval.

7

INTRODUCED BY: 

JAN 23 2026



H.B. NO. 1991

Report Title:

Liquor Tax; Taxation; Alcohol By Volume

Description:

Replaces the defined liquor categories subject to the liquor tax with alcohol-by-volume categories. Adjusts the liquor tax rates for inflation.

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