

JAN 22 2026

A BILL FOR AN ACT

RELATING TO THE TAXATION OF 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 the State.
3 According to the United States Centers for Disease Control and
4 Prevention, there was an average of three hundred forty-nine
5 alcohol attributable deaths per year in Hawai'i 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 Hawai'i by an average of
11 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 common form
16 of excessive alcohol use is binge drinking, which is defined as
17 consuming four or more drinks during a single occasion for women



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

4 The legislature additionally finds that there are several
5 short and long-term health risks associated with excessive
6 alcohol use. The immediate health risks of excessive alcohol
7 use may 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 sexual behaviors that can result in unintended
11 pregnancy or sexually transmitted diseases. For pregnant women,
12 excessive alcohol use may result in miscarriage and stillbirth
13 and any alcohol use during pregnancy may cause fetal alcohol
14 spectrum disorder. Over time, excessive alcohol use can cause
15 chronic diseases and other serious problems including high blood
16 pressure, heart disease, stroke, liver disease, digestive
17 problems, certain types of cancer, a weakening of the immune
18 system, learning and memory problems, mental health problems,
19 social problems, and alcohol use disorders or alcohol
20 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 Hawai'i was \$937,400,000 or \$1.58 per
7 drink, with the state government paying 39.4 per cent of these
8 costs, which translates to \$369,200,000 or \$0.62 per drink. One
9 approach to influencing alcohol consumption in the State was
10 examined in a 2022 white paper by the university of Hawai'i at
11 Mānoa Pacific Health Analytics Collaborative. The research
12 found that increasing the liquor tax by a mere ten cents per
13 drink could save lives and also raise \$58,000,000 or more in tax
14 revenue. The tax increase would also lead to a 6.9 per cent
15 decrease in alcohol consumption among adults, seven per cent
16 reduction in alcohol use disorders, and an increase in economic
17 productivity by an additional \$5,900,000.

18 Correspondingly, the legislature finds that the last time
19 the State increased the tax on liquor was in 1998. Costs have
20 increased over the past twenty-eight years and leaving the tax
21 on liquor unchanged has had the practical effect of reducing the



1 tax. Thus, it is necessary to adjust the liquor tax to reflect
2 the true tax rate in today's dollars. A reliable source is the
3 United States government's Consumer Price Index, or CPI, which
4 measures the average price changes for commonly purchased goods
5 and services in the U.S. economy. According to the CPI, today's
6 prices are 1.98 times as high as average prices in 1998.

7 Alternatively, one dollar today only buys approximately fifty
8 per cent of what it could buy back in 1998. Any additional
9 state revenue collected from the inflation adjustment in the
10 liquor tax will be deposited into the general fund and can be
11 used for the prevention and treatment of alcohol-related
12 disorders such as substance use dependence, health care
13 services, mental health services, and fetal alcohol spectrum
14 disorders.

15 Accordingly, the purpose of this Act is to adjust the
16 liquor tax for inflation.

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

19 "(a) Every person who sells or uses any liquor in the
20 State not taxable under this chapter, in respect of the
21 transaction by which the person or the person's vendor acquired



1 the liquor, shall pay a gallonage tax that is hereby imposed at
2 the following rates for the various liquor categories defined in
3 section 244D-1:

4 On July 1, [~~1998~~] 2026, and thereafter, the tax rate shall
5 be:

6 (1) [~~\$5.98~~] \$11.84 per wine gallon on distilled spirits;

7 (2) [~~\$2.12~~] \$4.20 per wine gallon on sparkling wine;

8 (3) [~~\$1.38~~] \$2.73 per wine gallon on still wine;

9 (4) [~~\$0.85~~] \$1.68 per wine gallon on cooler beverages;

10 (5) [~~\$0.93~~] \$1.84 per wine gallon on beer other than draft

11 beer; and

12 (6) [~~\$0.54~~] \$1.07 per wine gallon on draft beer;

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

15 Beginning July 1, 2027, and every year thereafter, the
16 gallonage tax that is imposed pursuant to this section for the
17 various liquor categories shall be adjusted using the Consumer
18 Price Index for All Urban Consumers (CPI-U) for Honolulu, or a
19 successor index, for the twelve months prior."

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



S.B. NO. 2456

1 SECTION 4. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: Karl Rhoads



S.B. NO. 2456

Report Title:

Taxation; Alcohol; Liquor Tax

Description:

Increases the liquor tax and adjusts it for future inflation.

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