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# A BILL FOR AN ACT

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RELATING TO LIQUOR.

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

1 SECTION 1. The legislature finds that the existing tax  
2 rates applied to vendors selling liquor disproportionately  
3 affect small craft producer pub licensees, making it difficult  
4 for them to thrive economically. Small craft producer pub  
5 licensees in the State face significantly higher operational  
6 costs in comparison to large, multinational corporations.  
7 Because small businesses are essential to the State's economy,  
8 it is imperative to address this disparity and foster a fair and  
9 supportive environment for small businesses.

10 The legislature further finds that lowering existing tax  
11 rates for certain local producers can help support local  
12 manufacturing and the diversification of the State's economy.

13 Accordingly, the purpose of this Act is to:

14 (1) Establish lower tax rates for certain small craft  
15 producer pub licensees;



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

14 1. By adding a new definition to be appropriately inserted  
15 and to read:

16        "Low alcohol spirits beverage" means any alcoholic  
17        beverage made by a small craft producer containing not more than  
18        seven per cent alcohol by volume and includes distilled spirits  
19        mixed with other ingredients, including both nonalcohol and  
20        alcohol components."

**21** 2. By amending the definition of "liquor" to read:



1       ""Liquor" has the same meaning as set forth in  
2       section 281-1 and includes alcohol, and the liquor categories:  
3       beer, ~~draft beer,~~ cooler beverage, low alcohol spirits  
4       beverage, distilled spirits, and wine."

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

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

13       (1) On July 1, 1998, and thereafter, the tax rate shall  
14       be:

15       [+1] (A) \$5.98 per wine gallon on distilled spirits;  
16       [+2] (B) \$2.12 per wine gallon on sparkling wine;  
17       [+3] (C) \$1.38 per wine gallon on still wine;  
18       [+4] (D) \$0.85 per wine gallon on cooler beverages;  
19       [+5] (E) \$0.93 per wine gallon on beer other than  
20            draft beer; and  
21       [+6] (F) \$0.54 per wine gallon on draft beer; and



1       (2) Notwithstanding paragraph (1), for a class 18 small  
2       craft producer pub licensee pursuant to  
3       section 281-31(r), for the period beginning  
4       July 1, 2026, and thereafter, the tax rate shall be:  
5       (A) \$1.98 per wine gallon on distilled spirits;  
6       (B) \$1.38 per wine gallon on sparkling wine;  
7       (C) \$0.90 per wine gallon on still wine;  
8       (D) \$0.55 per wine gallon on low alcohol spirits  
9       beverages;  
10      (E) \$0.55 per wine gallon cooler beverages; and  
11      (F) \$0.35 per wine gallon on beer;  
12      and at a proportionate rate for any other quantity so  
13      sold or used."

14 SECTION 4. Section 281-31, Hawaii Revised Statutes, is  
15 amended by amending subsection (r) to read as follows:  
16 "(r) Class 18. Small craft producer pub license. A small  
17 craft producer pub licensee:  
18 (1) Shall manufacture not more than:  
19 (A) [Seventy] One hundred fifty thousand barrels of  
20 malt beverages;  
21 (B) [Twenty] Forty thousand barrels of wine; [~~or~~]



1 (B) Premises in which live entertainment or recorded  
2 music is provided. Facilities for dancing by the  
3 patrons may be permitted as provided by  
4 commission rules;

5 (5) May, subject to federal labeling and bottling  
6 requirements, sell malt beverages manufactured on the  
7 licensee's premises to consumers in producer-sealed  
8 kegs and recyclable or reusable containers and sell  
9 malt beverages manufactured on the licensee's premises  
10 or purchased from a class 1 manufacturer licensee, a  
11 class 3 wholesale dealer licensee, a class 14 brewpub  
12 licensee, or a class 18 small craft producer pub  
13 licensee to consumers in growlers for off-premises  
14 consumption; provided that for purposes of this  
15 paragraph, "growler" means a recyclable or reusable  
16 container that does not exceed one gallon, which shall  
17 be securely sealed;

18 (6) May, subject to federal labeling and bottling  
19 requirements, sell wine or alcohol manufactured on the  
20 licensee's premises in recyclable containers provided



1 by the licensee or by the consumer [which] that do not  
2 exceed:

3 (A) One gallon per container for wine; and  
4 (B) One ~~liter~~ and three quarters liters for  
5 alcohol; and

6 are securely sealed on the licensee's premises to  
7 consumers for off-premises consumption;

8 (7) Shall comply with all requirements pertaining to class  
9 4 retail dealer licensees when engaging in the retail  
10 sale of malt beverages, wine, and alcohol;

11 (8) May, subject to federal labeling and bottling  
12 requirements, sell malt beverages, wine, and alcohol  
13 manufactured on the licensee's premises in  
14 producer-sealed containers directly to class 2  
15 restaurant licensees, class 3 wholesale dealer  
16 licensees, class 4 retail dealer licensees, class 5  
17 dispenser licensees, class 6 club licensees, class 8  
18 transient vessel licensees, class 9 tour or cruise  
19 vessel licensees, class 10 special licensees, class 11  
20 cabaret licensees, class 12 hotel licensees, class 13  
21 caterer licensees, class 14 brewpub licensees, class



1           15 condominium hotel licensees, class 18 small craft  
2           producer pub licensees, and consumers pursuant to  
3           conditions imposed by county ordinances or rules  
4           governing class 1 manufacturer licensees and class 3  
5           wholesale dealer licensees; provided that any sale to  
6           a licensee of any class, except for a class 3  
7           wholesale dealer licensee, shall not exceed:  
8           (A) Seventy thousand barrels of malt beverages;  
9           (B) Twenty thousand barrels of wine; and  
10           (C) Seven thousand five hundred barrels of alcohol;  
11           (9) May conduct the activities under paragraphs (1) to (8)  
12           at locations other than the licensee's premises;  
13           provided that:  
14           (A) The manufacturing takes place in Hawaii;  
15           (B) Each of the other locations:  
16                   (i) Operates within the State under the same  
17                   trade name for the premises; and  
18                   (ii) Is properly licensed within the county of  
19                   its operation as a class 1 manufacturer  
20                   licensee, class 2 restaurant licensee, class  
21                   4 retail dealer licensee, class 5 dispenser

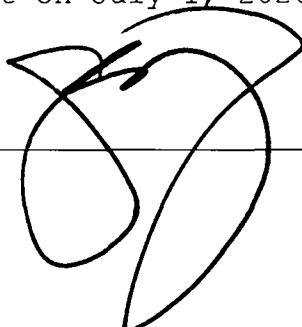


1 licensee, class 12 hotel licensee, class 14  
2 brewpub licensee, or class 18 small craft  
3 producer pub licensee;  
4 (C) The county liquor commission of the county in  
5 which the licensee satellite is located shall  
6 have jurisdiction of the satellite; and  
7 (D) All requirements of the license class of the  
8 location shall be in effect as required by the  
9 county liquor commission for the satellite  
10 licensed premises; and  
11 (10) May allow minors, who are accompanied by a parent or  
12 legal guardian of legal drinking age, on the  
13 licensee's premises."

14 SECTION 5. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: 



S.B. NO. 2912

**Report Title:**

Liquor Tax; Small Craft Producer Pub Licensees; Tax Rate; Low Alcohol Spirits Beverages; Manufacture Limits; Increase

**Description:**

Defines "low alcohol spirits beverages". Establishes lower tax rates for class 18 small craft producer pub licensees, including for low alcohol spirits beverages. Increases the amount of alcohol that a class 18 small craft producer pub licensee may manufacture. Increases the amount of alcohol a class 18 small craft producer pub licensee may sell to consumers in recyclable containers. Authorizes class 18 small craft producer pub licensees to sell a certain number of barrels of malt beverages, wine, and cooler and low alcohol beverages to any class of licensee, except for class 3 wholesaler dealer licensees.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

