

JAN 23 2026

S.B. NO. 2912

---

# 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 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;



(2) Increase the amounts of certain liquor that may be manufactured by a class 18 small craft producer pub licensee;

(3) Increase the amount of alcohol a class 18 small craft producer pub licensee may sell to consumers in recyclable containers; and

(4) Authorize 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.

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

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

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

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



(2) Notwithstanding paragraph (1), for a class 18 small craft producer pub licensee pursuant to section 281-31(r), for the period beginning July 1, 2026, and thereafter, the tax rate shall be:

(A) \$1.98 per wine gallon on distilled spirits;

(B) \$1.38 per wine gallon on sparkling wine;

(C) \$0.90 per wine gallon on still wine;

(D) \$0.55 per wine gallon on low alcohol spirits beverages;

(E) \$0.55 per wine gallon cooler beverages; and

(F) \$0.35 per wine gallon on beer;

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

SECTION 4. Section 281-31, Hawaii Revised Statutes, is amended by amending subsection (r) to read as follows:

"(r) Class 18. Small craft producer pub license. A small craft producer pub licensee:

(1) Shall manufacture not more than:

(A) [~~Seventy~~] One hundred fifty thousand barrels of malt beverages;

(B) [~~Twenty~~] Forty thousand barrels of wine; [~~or~~]



1            (C) One hundred thousand barrels of cooler beverages;

2            (D) One hundred thousand barrels of low alcohol  
3            volume spirits beverages; or

4            (E) [~~Seven thousand five hundred~~ Twenty thousand  
5            barrels of alcohol on the licensee's premises  
6            during the license year;

7            provided that for purposes of this paragraph, "barrel"  
8            means a container not exceeding thirty-one gallons or  
9            wine gallons of liquor;

10          (2) May sell malt beverages, wine, or alcohol manufactured  
11          on the licensee's premises for consumption on the  
12          premises;

13          (3) May sell malt beverages, wine, or alcohol manufactured  
14          by the licensee in producer-sealed packages to class 3  
15          wholesale dealer licensees pursuant to conditions  
16          imposed by the county by ordinance or rule;

17          (4) May sell intoxicating liquor purchased from a class 3  
18          wholesale dealer licensee to consumers for consumption  
19          on the licensee's premises. The categories of  
20          establishments shall be as follows:

21          (A) A standard bar; 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





licensee, class 12 hotel licensee, class 14  
brewpub licensee, or class 18 small craft  
producer pub licensee;

(C) The county liquor commission of the county in  
which the licensee satellite is located shall  
have jurisdiction of the satellite; and

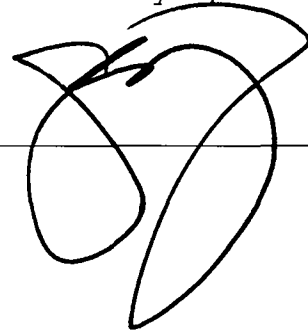
(D) All requirements of the license class of the  
location shall be in effect as required by the  
county liquor commission for the satellite  
licensed premises; and

(10) May allow minors, who are accompanied by a parent or  
legal guardian of legal drinking age, on the  
licensee's premises."

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

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

INTRODUCED BY: \_\_\_\_\_

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

# 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.*

