

JAN 23 2026

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;



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- 1 (2) Increase the amounts of certain liquor that may be
2 manufactured by a class 18 small craft producer pub
3 licensee;
- 4 (3) Increase the amount of alcohol a class 18 small craft
5 producer pub licensee may sell to consumers in
6 recyclable containers; and
- 7 (4) Authorize class 18 small craft producer pub licensees
8 to sell a certain number of barrels of malt beverages,
9 wine, and cooler and low alcohol beverages to any
10 class of licensee except for class 3 wholesaler dealer
11 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



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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~~]



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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



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

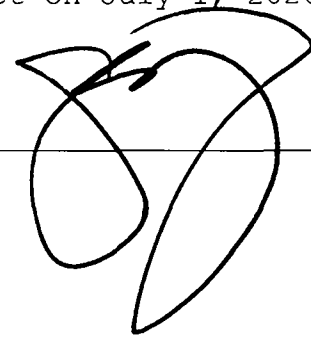
11 (10) May allow minors, who are accompanied by a parent or
12 legal guardian of legal drinking age, on the
13 licensee's premises."

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.

17

INTRODUCED BY: _____

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and curves, positioned over the horizontal line following the text "INTRODUCED BY:".

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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.

