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## A BILL FOR AN ACT

RELATING TO LIQUOR TAX LAW.

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

1           SECTION 1. The purpose of this Act is support the growing  
2 craft beverage industry in Hawaii by applying a reduced  
3 gallonage tax on draft beer and beer other than draft beer  
4 brewed or produced by a small brewery or brewpub, still wine and  
5 sparkling wine produced by a small winery, and distilled spirits  
6 produced by a small manufacturer.

7           SECTION 2. Section 244D-1, Hawaii Revised Statutes, is  
8 amended by adding four new definitions to be appropriately  
9 inserted and to read as follows:

10           "Barrel" means a barrel containing not more than thirty-  
11 one gallons or wine gallons of liquor.

12           "Small brewery or brewpub" means a brewery or brewpub that  
13 brews or produces not more than sixty thousand barrels of beer  
14 per taxable year.

15           "Small manufacturer" means a distillery that produces not  
16 more than \_\_\_\_\_ gallons of distilled spirits per taxable year.

17           "Small winery" means a winery that produces not more than  
18 \_\_\_\_\_ gallons of wine per taxable year."



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 which is hereby imposed at  
7 the following rates for the various liquor categories defined in  
8 section 244D-1:

9 For the period July 1, 1997, to June 30, 1998, the tax rate  
10 shall be:

- 11 (1) \$5.92 per wine gallon on distilled spirits;
- 12 (2) \$2.09 per wine gallon on sparkling wine;
- 13 (3) \$1.36 per wine gallon on still wine;
- 14 (4) [~~\$0.84~~] 84 cents per wine gallon on cooler beverages;
- 15 (5) [~~\$0.92~~] 92 cents per wine gallon on beer other than  
16 draft beer;
- 17 (6) [~~\$0.53~~] 53 cents per wine gallon on draft beer;

18 On July 1, 1998, and thereafter, except as otherwise  
19 provided in paragraphs (7) through (9), the tax rate shall be:

- 20 (1) \$5.98 per wine gallon on distilled spirits;
- 21 (2) \$2.12 per wine gallon on sparkling wine;
- 22 (3) \$1.38 per wine gallon on still wine;



1 (4) [~~\$0.85~~] 85 cents per wine gallon on cooler beverages;

2 (5) [~~\$0.93~~] 93 cents per wine gallon on beer other than  
3 draft beer;

4 (6) [~~\$0.54~~] 54 cents per wine gallon on draft beer;

5 (7) Beginning on January 1, 2015, 23 cents per wine gallon  
6 on draft beer and beer other than draft beer that are  
7 brewed or produced by a small brewery or brewpub;


8 (8) Beginning on January 1, 2015, 59 cents per wine gallon  
9 on still wine and sparkling wine produced by a small  
10 winery;

11 (9) Beginning on January 1, 2015, \$2.57 per wine gallon on  
12 distilled spirits produced by a small manufacturer;

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

15 SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2014, and  
18 shall apply to taxable years beginning after December 31, 2014.

19  
INTRODUCED BY: 

JAN 22 2014



**Report Title:**

Liquor Tax; Small Breweries or Brewpubs; Small Wineries; Small Manufacturers

**Description:**

Defines "barrel", "small brewery or brewpub", "small winery", and "small manufacturer". Establishes a tax rate of 23 cents per wine gallon on draft beer and beer other than draft beer that are brewed or produced by a small brewery or brewpub. Establishes a tax rate of 59 cents per wine gallon on still wine and sparkling wine produced by a small winery. Establishes a tax rate of \$2.57 per wine gallon on distilled spirits produced by a small manufacturer.

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