



The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

April 7, 2020

The Honorable David Y. Ige
Governor, State of Hawaii
Executive Chambers
State Capitol
Honolulu, HI 96813

Dear Governor Ige:

While Section 281-42, HRS, Manufacturers and wholesale dealers, special restrictions, was enacted to prohibit unfair dealing between competing wholesalers and retailer by creating a level playing field for credit and outstanding periods of indebtedness. However, it has been brought to our attention that under the current COVID-19 crisis, certain provisions, if not waived, could lead to the termination of a large number of businesses.

Specifically, Sections (a) (6) and (b) (2), if enforced as written, will adversely affect these businesses:

Section 281-42 (a) (6) provides that it is unlawful for a manufacturer or a wholesaler to extend, "credit to the retail licensee for a period of time in excess of thirty days from the date of invoice" and Section 281-42 (b) (2) provides that it is unlawful to sell liquor "except for cash" or advance payment to a retailer "who has not paid in full for all previous purchases of liquor from such manufacturer or wholesaler by the expiration of the thirtieth day from the date of the invoice for such liquor".

The result of this statute will be that, upon reopening after this crisis, these retail businesses will need to pay all debts in full to their distributors prior to continuing business. Given the current circumstances our state's retailers face, and will continue to face in the coming months, the Committee believes it is reasonable to expect (or anticipate?) that enforcement of this statute could mean the end of a large number of businesses.

The Committee therefore requests that the Governor temporarily waive the above sections of the Hawaii Revised Statutes through proclamation.

The Committee appreciates your attention to this matter, and respectfully requests a response by **4:00 p.m., Friday, April 10, 2020**. Please email your response to all Senate Special Committee COVID-19 members. Should you have any questions, please contact Dane Wicker at 586-6639 or via email at d.wicker@capitol.hawaii.gov.

Sincerely,

Senator Donovan M. Dela Cruz
Senator Jarrett Keohokalole
Senator Michelle N. Kidani
Senator Donna Mercado Kim
Senator Sharon Moriwaki
Senator Kurt Fevella

Cc. Senate President
All Senators