

STAND. COM. REP. NO. 116

Honolulu, Hawaii

FEB 10 2021

RE: S.B. No. 1241
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1241 entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure is to require any express carrier company, common or contract carrier, or other person that transports liquor from outside the State for delivery in the State to prepare and file a monthly report with the liquor commission or liquor control adjudication board of each county in which deliveries are made.

Your Committee received testimony in support of this measure from Hawaii Liquor Wholesalers Association. Your Committee received testimony in opposition to this measure from the Hawaiian Craft Brewers Guild; Maui Brewing Co.; Lanikai Brewing Company; and Maui Wine, Ltd. Your Committee received comments on this measure from Matson Navigation Company, Inc.

Your Committee finds that state law allows wine producers outside of the state to direct ship to consumers within the State. Other states that allow direct shipment have found, through carrier reporting, that large amounts of liquor have been shipped into their states without payment of liquor, excise, and income taxes, resulting in loss of tax revenue to the states. Illegal shipments of liquor hurt Hawaii's economy and can result in loss




of income and jobs to local residents. This measure would require the carriers of liquor to report the amount of statewide liquor being shipped and shipper information to the liquor commission or liquor control adjudication board, who can determine and analyze the shipments made to each county and confirm whether the shipper has complied with the requirements to obtain a direct shipper permit and paid all required taxes.

Your Committee has amended this measure by clarifying that this measure does not extend to water carriers as defined and regulated by the Surface Transportation Board of the United States.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1241, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



