STAND. COM. REP. NO. 540

Honolulu, Hawaii

FEB 1 5 2019

RE: S.B. No. 1460 S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirtieth State Legislature Regular Session of 2019 State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health, to which was referred S.B. No. 1460 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 carriers to make monthly reports to county liquor commissions.

Your Committee received testimony in support of this measure from the City and County of Honolulu Liquor Commission and Hawaii Liquor Wholesalers Association. Your Committee received comments on this measure from the Office of Information Practices and Wine Institute.

Your Committee finds that out-of-state wineries that direct ship wine to Hawaii residents under properly issued direct wine shipper permits collect and pay general excise tax to the Department of Taxation on these transactions. However, there are untold numbers of out-of-state manufacturers and retailers who ship to residents but are not permitted, meaning they avoid paying the same general excise tax required by the direct wine shipper permit holders.

Your Committee further finds that other states that allow direct shipment have found through carrier reporting that large amounts of liquor have been shipped into their states without

2019-1769 SSCR SMA.doc

payment of liquor, excise, and income taxes, resulting in lost revenue. This measure's reporting requirements will enable the county liquor commissions and liquor control adjudication boards to evaluate and monitor the amount of liquor being shipped and shipper information to confirm whether the shipper has complied with the requirements to obtain a direct wine shipper permit, including payment of taxes. This will level the playing field for those liquor-licensed businesses and direct wine shipper permit holders that properly operate under liquor and tax laws.

Your Committee has amended this measure by:

- (1) Clarifying that carriers' reports will be on the statewide amount of liquor being shipped; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1460, S.D. 1, and be referred to your Committee on Ways and Means.

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

ROSALYN H. BAKER, Chair

The Senate Thirtieth Legislature State of Hawai'i

Record of Votes Committee on Commerce, Consumer Protection, and Health CPH

Bill / Resolution No.:*	Committee Referral:			Date:		
SB 1460	CPH WAM			2/8/19		
The Committee is reconsidering its previous decision on this measure.						
If so, then the previous decision was to:						
The Recommendation is:						
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313						
Members		Aye	Aye (W	R)	Nay	Excused
BAKER, Rosalyn H. (C)		V		:		
CHANG, Stanley (VC)		V	An egy.			
KEOHOKALOLE, Jarrett	'	V				
NISHIHARA, Clarence K.						V
RUDERMAN, Russell E.						V
THIELEN, Laura H.						
FEVELLA, Kurt						V
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TOTAL		4				3
Recommendation: Adopted Not Adopted						
Chair's or Designee's Signature:						
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Committee						

*Only one measure per Record of Votes