STAND. COM. REP. NO.

Honolulu, Hawaii

FEB 1 0 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



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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,

IN H. BAKER, Cha



## The Senate Thirty-First Legislature State of Hawaiʻi

## Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral: Date:				
SB 1241	CPN	JDC	2	-5-2	021
The Committee is reconsidering its previous decision on this measure.					
The Decommendation in:					
The Recommendation is: Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Ауе	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		/			
CHANG, Stanley (VC)		/			
MISALUCHA, Bennette E.		1			
NISHIHARA, Clarence K.					
RIVIERE, Gil		/			
SAN BUENAVENTURA, Joy A	٩	1			
FEVELLA, Kurt					
TOTAL		7	-	-	·
Recommendation:					
Chair's or Designee's Signature: Claume K Kishikan					
Distribution: Original Yellow Pink Goldenrod   File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

\*Only <u>one</u> measure per Record of Votes