STAND. COM. REP. NO. Honolulu, Hawaii FEB 08 RE: H.B. No. 1259 H.D. 1

Honorable Scott K. Saiki Speaker, House of Representatives Thirty-Second State Legislature Regular Session of 2023 State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 1259 entitled:

"A BILL FOR AN ACT RELATING TO DIRECT SHIPPING OF LIQUOR,"

begs leave to report as follows:

The purpose of this measure is to allow direct shipment of all forms of liquor, rather than just wine, by certain licensees.

Your Committee received testimony in support of this measure from Big Island Brewhaus, Lanikai Brewing Company, Maui Brewing Co., Ola Brew, Kuleana Rum Works, Kauai Beer Company, Brewers Association, and two individuals. Your Committee received testimony in opposition to this measure from the Hawaii Liquor Wholesalers Association and Wine Institute.

Your Committee finds that under existing state law, direct-to-consumer shipping is limited to only wineries shipping wine, while other liquor manufacturers are unable to directly ship liquor, including beer, to consumers. Your Committee notes that direct-to-consumer shipping allows liquor manufacturers to serve their existing customers while also pursuing additional markets and tapping into a broader customer base. Direct-to-consumer shipping also assists smaller manufacturers struggling to find wholesalers that are willing to sell and represent their small brands by giving those manufacturers direct access to their



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customers. Your Committee believes that allowing the direct-to-consumer shipping of all forms of liquor will encourage the growth of liquor manufacturers in Hawaii, resulting in more local jobs and an increase in overall revenue for local businesses.

Your Committee has amended this measure by changing its effective date to June 30, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1259, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

> Respectfully submitted on behalf of the members of the Committee on Economic Development,

DANIEL HOLT, Chair



State of Hawaii House of Representatives The Thirty-second Legislature



Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB1259	Committee ECD,	Referral: CPC,FIN	Date: 2/3/2023		
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
ECD Members		Ayes	Ayes (WR)	Nays	Excused
1. HOLT, Daniel (C)		(
2. LAMOSAO, Rachele	F. (VC)	/			
3. HUSSEY-BURDICK,	Natalia				_
4. KONG, Sam Satoru					
5. NAKAMURA, Nadine	e K.				
6. QUINLAN, Sean					
7. PIERICK, Elijah		(
TOTAL	(7)	4	H	H	1
The recommendation is: Adopted If joint referral, did not support recommendation.					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					