

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii
Sir:

Your Committee on Economic Development, to which was referred S.B. No. 65, S.D. 1, entitled:
"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow direct shipment of all forms of liquor, rather than just wine, by certain licensees; and
- (2) Require the county liquor commissions to adopt rules and regulations.

Your Committee received testimony in support of this measure from the Distilled Spirits Council of the United States, Hawai'i Farm Bureau, Lanikai Brewing Company, Maui Brewing Co., Hawaiian Craft Brewers Guild, Kauai Beer Company, Honolulu Beerworks, Kilohana, Kaua'i Chamber, and Kōloa Rum Company. Your Committee received testimony in opposition to this measure from the Republic National Distributing Company; Wine Institute; Hawaii Food Industry Association; Tamura Enterprises, Inc.; Paradise Beverages, Inc.; Johnson Brothers of Hawaii, Inc.; Hawaii Liquor Wholesalers Association; and numerous individuals.

Your Committee finds that under existing state law, direct-to-consumer shipping of liquor is limited to only wineries shipping wine, leaving other liquor manufacturers without an option to directly ship liquor, including beer and distilled spirits, to consumers. This measure allows other liquor manufacturers direct access to their customers and provides opportunities to pursue additional markets.

Your Committee has amended this measure by:

- (1) Deleting language that would have allowed direct shipment of all forms of liquor by certain licensees;
- (2) Inserting language that:
 - (A) Allows direct shipment of beer and distilled spirits by certain licensees within the State; and
 - (B) Requires the county liquor commissions to adopt rules and regulations for the direct shipment of beer and distilled spirits; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 S.B. No. 65, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 65, S.D. 1, 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,

SEAN QUINLAN, Chair