

SB 1460

Measure Title:	RELATING TO INTOXICATING LIQUOR.
Report Title:	Intoxicating Liquor; Carriers; Reporting
Description:	Requires carriers to report shipments of liquor to county liquor commissions.
Companion:	HB1291
Package:	None
Current Referral:	CPH, WAM
Introducer(s):	DELA CRUZ

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
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To: Senate Committee on Commerce, Consumer Protection, and Health

From: Cheryl Kakazu Park, Director

Date: February 8, 2019, 10:00 a.m.
State Capitol, Conference Room 229

Re: Testimony on S.B. No. 1460
Relating to Intoxicating Liquor

Thank you for the opportunity to submit testimony on this bill, which would require carriers to report shipments of liquor to county liquor commissions. The Office of Information Practices (OIP) takes no position on the substance of this bill, but suggests an amendment.

The new section proposed by this bill (at page 2, lines 8-9) provides in subsection (b) that reports received by a county liquor commission under the new section “shall be subject to chapter 92F.” Chapter 92F, HRS, is the Uniform Information Practices Act (UIPA). Government records such as the proposed reports are automatically subject to the UIPA without the need to specifically provide as much in statute; however, being subject to the UIPA does not mean that a record is available to the public upon request, as it could fall under one of the UIPA’s exceptions to disclosure set out in section 92F-13, HRS. The language providing that the reports are “subject to chapter 92F” does not add anything to what the UIPA already provides for, and as such it is unnecessary.

If this Committee’s intent is simply to ensure that members of the public may make UIPA requests for the reports, although the relevant

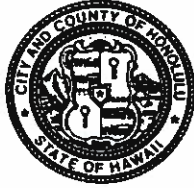
liquor commission may withhold any information falling under an exception to disclosure, then the Committee can safely delete proposed subsection (b), and OIP recommends that it do so to avoid confusion. If, on the other hand, the Committee specifically intends to make the reports public, the Committee should amend proposed subsection (b) to read as follows:

Reports received by a county liquor commission under this section shall be public under chapter 92F.

Thank you for the opportunity to testify.

**LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600, HONOLULU, HAWAII 96813-5249
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February 6, 2019

The Honorable Rosalyn H. Baker, Chair
The Honorable Stanley Chang, Vice Chair
and Members of the Committee on Commerce,
Consumer Protection, and Health

State Senate
State Capitol, Room 229
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Baker, Vice Chair Chang, and Members of the Committee:

**SUBJECT: Senate Bill 1460
Relating to Intoxicating Liquor**

The Liquor Commission, City and County of Honolulu, (Commission), appreciates the opportunity to submit testimony in **strong support** of the above-referenced measure. Since 2007, the Commission has been regulating and monitoring out-of-state wineries who direct ship wine to Honolulu County residents under properly issued direct wine shipper (DWS) permits. These DWS wineries also collect and pay general excise tax to the state Department of Taxation (DoTax) on these transactions.

However, there are an untold number of out-of-state manufacturers and retailers who ship to residents but who are not licensed in Honolulu County and also are able to avoid tax responsibility to DoTax. The proposed measure will be an important first step in evaluating the volume of this commerce, which penalizes local liquor-licensed businesses and DWS wineries who operate within the boundaries of the liquor and tax laws.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in blue ink, appearing to read "Franklin Don Pacarro, Jr.", is written over a white background.

Franklin Don Pacarro, Jr.
Administrator

FDPjr:ACH

**HAWAII LIQUOR WHOLESALERS ASSOCIATION
FIVE WATERFRONT PLAZA
500 ALA MOANA BLVD STE 400
HONOLULU, Hawaii 96813**

Feb. 7, 2019

Via Email

Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair
Senate Committee on Commerce, Consumer Protection and Health
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Re: SB 1460 Relating to Intoxicating Liquor
Hearing Date: February 8, 2019

Dear Chair Baker, Vice Chair Chang, and Committee Members:

The Hawaii Liquor Wholesalers Association (“HLWA”) respectfully submits the following written testimony in **support** of SB 1460 Relating to Intoxicating Liquor.

Direct shipment of wine from wine producers outside each county to consumers within the county has been allowed by HRS Section 281-33.6, under the pretext that small local wineries were not able to find licensed wholesalers to distribute their wine for them outside of their county. A consequence of this direct shipment law is that wine producers outside the state are allowed 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.

This bill would require the carriers of liquor to report the amount of statewide liquor being shipped and shipper information to the liquor commissions 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, including payment of all taxes.

To make it clear that reporting would be on a statewide basis, the phrase “made statewide” can be inserted into new Section 281- (a)(1) as follows:

(1) The known wine, beer, alcohol, or other liquor shipments made statewide containing the name of the express carrier company, common or contract carrier, or other person making the report;

(Underscoring added.)

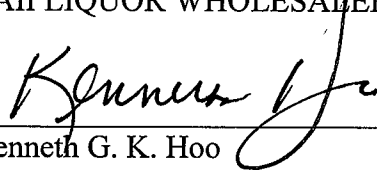
Illegal shipments of liquor hurt Hawaii's economy and result in loss of income and jobs to local residents. It is unfair competition.

Based on the above, we respectfully support SB1460. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By: _____


Kenneth G. K. Hoo
Its Secretary



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THE SENATE
THE THIRTIETH LEGISLATURE
REGULAR SESSION OF 2019

COMMITTEE ON COMMERCE, CONSUMER PROTECTION & HEALTH

Testimony with Comments about SB 1460

Wine Institute ("WI") is a public policy organization, representing 949 California wineries and associate members. We appreciate the opportunity to explain why we have concerns about SB 1460, mandating common carriers to provide reports of wine and other liquor shipments.

WI supports the existing successful direct to consumer wine shipping program in Hawaii. Since 2001, Hawaii consumers have had access to the wines they want directly from wineries, subject to regulatory requirements. In 2018, more than 12,000 cases of wine were shipped directly to HI consumers.

Common carriers are essential partners for wineries in this successful wine shipping program. To ensure that direct wine shipments continue to Hawaii consumers, we support clarifying the bill language to allow common carriers to submit to each county a report that covers alcohol shipments statewide. This change would make the bill workable for the common carriers. With this clarification, WI will be neutral on the bill.

Thank you for the opportunity to provide testimony. If the Committee members have questions or need additional information, please do not hesitate to contact me.