

STAND. COM. REP. NO. **540**

Honolulu, Hawaii

**FEB 15 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



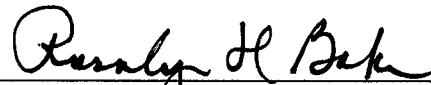
payment of liquor, excise, and income taxes, resulting in lost revenue. This measure's reporting requirements will enable the county liquor commissions and liquor control adjudication boards to evaluate and monitor the amount of liquor being shipped and shipper information to confirm whether the shipper 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



