

Honolulu, Hawaii

FEB 18 2021

RE: S.B. No. 65
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. 65 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:

- (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 Hawaiian Craft Brewers Guild, Lanikai Brewing Company, Mahalo Aleworks, Waikiki Brewing Company, Kaua'i Island Brewing Company, Kōloa Rum Co., Big Island Brewhaus, Kauai Beer Company, Hawai'i Farm Bureau, Maui Brewing Co., Maui Chamber of Commerce, Distilled Spirits Council of the United States, and four individuals. Your Committee received testimony in opposition to this measure from the Hawaii Food Industry Association, Hawaii Liquor Wholesalers Association, and Wine Institute.

Your Committee finds that craft beer manufacturers across the State have experienced significant economic challenges during the coronavirus disease 2019 (COVID-19) pandemic due to reduced sales

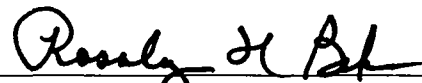


and lost income. Wholesalers have shown little interest in expanding distribution opportunities for local, small craft breweries, especially for markets outside of Hawaii. It is therefore necessary to allow brewpubs, small craft producer pubs, and other alcohol manufactures to obtain direct shipper permits, as smaller producers usually do not have access to distributors or wholesalers that adequately represent the unique aspects of craft beer and alcohol made in Hawaii. As direct shipment of wine is already permitted, this measure provides parity and will allow craft beer producers and other liquor manufactures in Hawaii to access customers through direct shipping to help meet the current needs for those businesses struggling through the financial challenges brought upon by COVID-19.

Your Committee has amended this measure by 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 and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 65, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 65, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



