A BILL FOR AN ACT

RELATING TO INTOXICATING LIQUOR.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the coronavirus disease 2019 (COVID-19) pandemic and the governmental responses to contain the spread of COVID-19 have disproportionately affected certain local liquor producers. With the frequent closure of bars, clubs, and in-person dining, local liquor producers have struggled to find alternative methods of serving their customers, resulting in drastic revenue losses.

The legislature further finds that under existing state law, direct-to-consumer shipping of liquor is limited to only wineries shipping wine; other liquor manufacturers do not have the option to directly ship liquor, including beer and distilled spirits, to consumers. Direct-to-consumer shipping allows liquor manufacturers to serve their existing customers, while also allowing the manufacturers to pursue additional markets and tap into a broader customer base. Direct-to-consumer shipping further assists smaller manufacturers that struggle to find wholesalers that are willing to sell and represent their small
brands by giving those manufacturers direct access to their customers. In an effort to encourage commerce, the legislature has determined that the State must support reciprocity among counties for producers to ship their goods to, from, and within Hawaii.

The purpose of this Act is to allow direct shipment of beer and distilled spirits by certain licensees.

SECTION 2. Chapter 281, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§281- Direct shipment of beer and distilled spirits by manufacturers. (a) Any person holding:

(1) A general excise tax license from the department of taxation; and

(2) Either:

(A) A class 1, class 14, or class 18 license to manufacture beer or distilled spirits under section 281-31; or

(B) A license to manufacture beer or distilled spirits issued by another state,
may pay any applicable fees and obtain a direct beer and distilled spirits shipper permit from the liquor commission of the county in which the beer or distilled spirits is manufactured authorizing the holder to directly ship beer and distilled spirits to persons in any county pursuant to this section; provided that any person who holds a license to manufacture beer or distilled spirits issued by another state may obtain a direct beer and distilled spirits shipper permit from the liquor commission of any county of the State.

(b) The holder of the direct beer and distilled spirits shipper permit may sell and ship beer and distilled spirits to any person twenty-one years of age or older in any county for personal use only and not for resale, and shall:

(1) Ship beer and distilled spirits directly to the person only in containers that are conspicuously labeled with the words:

"CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 YEARS OR OLDER REQUIRED FOR DELIVERY.";

(2) Require that the carrier of the shipment obtain the signature of any person twenty-one years of age or older before delivering the shipment;
(3) Report no later than January 31 of each year, to the liquor commission in each county where a direct beer and distilled spirits shipment was made, the total amount of beer and distilled spirits shipped to persons in the county during the preceding calendar year;

(4) Pay all applicable general excise and gallonage taxes. For gallonage tax purposes, all beer and distilled spirits sold under a direct beer and distilled spirits shipper permit shall be deemed to be beer and distilled spirits sold in the State; and

(5) Be subject to audit by the liquor commission of each county where a direct beer and distilled spirits shipment has been made.

(c) The holder of a license to manufacture beer or distilled spirits issued by another state may annually renew a direct beer and distilled spirits shipper permit by providing the liquor commission that issued the permit with a copy of the license and paying all required fees. The holder of a class 1, class 14, or class 18 license to manufacture beer or distilled spirits under section 281-31 may renew a direct beer and
distilled spirits shipper permit concurrently with the class 1, class 14, or class 18 license by complying with all applicable laws and paying all required fees.

(d) The sale and shipment of beer and distilled spirits directly to a person in the State by a person that does not possess a valid direct beer and distilled spirits shipper permit is prohibited. Knowingly violating this section is a misdemeanor.

(e) The liquor commission in each county shall adopt rules and regulations necessary to carry out the intent and purpose of this section; provided that any rulemaking shall not delay the commencement of the direct shipment of beer and distilled spirits on the effective date of this Act.

(f) For the purposes of this section, "distilled spirits" shall have the same meaning as set forth in section 244D-1."

SECTION 3. The revisor of statutes shall insert the appropriate effective date of this Act in section 2 of this Act.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2021.
Report Title:
Beer; Distilled Spirits; Direct Shipping; Manufacturers

Description:
Allows direct shipment of beer and distilled spirits by certain licensees. Requires the county liquor commissions to adopt rules and regulations. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

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