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 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 with all states for producers to ship their goods to, from, and within Hawaii.

The purpose of this Act is to allow direct shipment of all forms of liquor, rather than just wine, by certain licensees.

SECTION 2. Section 281-33.6, Hawaii Revised Statutes, is amended to read as follows:

"§281-33.6 Direct shipment of [wine] liquor by [wineries,]

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, class 16, or class 18 license to manufacture [wine] liquor under section 281-31; or

(B) A license to manufacture [wine] liquor issued by another state,

may pay any applicable fees and obtain a direct [wine] liquor shipper permit from the liquor commission of the county to which the [wine] liquor will be shipped authorizing the holder to
directly ship [wine] liquor to persons in the county pursuant to this section.

(b) The holder of a direct [wine] liquor shipper permit may sell and annually ship liquor to any person twenty-one years of age or older in the county that issued the permit, [no more than six nine-liter cases of wine per household] for personal use only and not for resale, and shall:

(1) Ship [wine] liquor 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 [wine] liquor shipper permit is held, the total amount of [wine] liquor 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 [wine] liquor sold under a direct [wine] liquor shipper permit shall be deemed to be [wine] liquor sold in the State; and

(5) Be subject to audit by the liquor commission of each county in which a permit is held.

(c) The holder of a license to manufacture [wine] liquor issued by another state may annually renew a direct [wine] liquor 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, class 16, or class 18 license to manufacture [wine] liquor under section 281-31 may renew a direct [wine] liquor shipper permit concurrently with the class 1, class 14, class 16, or class 18 license by complying with all applicable laws and paying all required fees.

(d) The sale and shipment of [wine] liquor directly to a person in this State by a person that does not possess a valid direct [wine] liquor shipper permit is prohibited. Knowingly violating this law is a misdemeanor.
(e) The liquor [+]commission[+] in each county [may] 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 liquor on the effective date of this Act.

(f) The holder of a direct liquor shipper permit may ship to and from any county or state where properly licensed and shall ensure that all reciprocal shipping license requirements are met in the receiving county or state."

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

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 2021.
Report Title:
Intoxicating Liquors; Direct Shipping; Liquor Manufacturers; Brewpubs; Small Craft Producer Pubs

Description:
Allows direct shipment of all forms of liquor, rather than just wine, by certain licensees. Requires the county liquor commissions to adopt rules and regulations. (SD1)

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