

LATE

Last minute testimony in opposition Bill number SB 2508

Aloha Representatives,

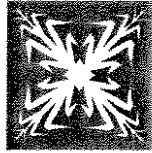
I am writing to as a local family business owner here in Hawaii in opposition of Bill SB 2508. Hawaii Sea Spirits produces Ocean Vodka which was launched in August of 2006. It is produced on the Valley Isle out of USDA certified organic corn and rye spirits from the Midwest which are blended with Hawaii deep sea water. Ocean Vodka is completely created and bottled in Hawaii. Our product has attracted global attention to our state and upheld the image of quality products produced in Hawaii.

This business has grown at a rapid pace and is distributed throughout the Islands. Presently, we have just signed an agreement to be distributed on the Mainland U.S.. We are also in the negotiating stage of being distributed in Europe and the Far East. This sets the stage for greater production which will generate more wages and taxable revenue for the State of Hawaii.

If this Bill is adopted as it is written, it will create a loss in value to our marketing and revenues. Having generations born and raised here, we are proud to have "Made in Hawaii" on our bottle and take great pride in producing a product here in Hawaii. We ask that we be included in the scope of this Bill and be allowed to continue to market our product as "Made In Hawaii".

Mahalo,
Shay Smith
President
Hawaii Sea Spirits LLC—Ocean Vodka





KOLANI DISTILLERS

February 13, 2008

Committee of Commerce, Consumer Protection, and Affordable Housing

Hawaii State Capitol,
415 South Beretania Street
Honolulu, HI 96813

Re: SB2508 Public Hearing

Honorable Ladies and Gentlemen of the Committee:

My name is Paul Case and I am one of the owners of Kolani Distillers, LLC located in Paia, Maui. Our company has invested well over \$1 million dollars in our facility and has been working for the past 5 years to create a premium Hawaiian rum and other distilled spirits products that will be introduced to the local marketplace shortly.

I was just made aware of the existence of SB2508 this past Friday. I am unfortunately on the mainland this week and could not return for this hearing. Therefore, I have asked Mr. Shay Smith of Hawaiian Sea Spirits, a fellow Maui distilled spirits businessman, to read this letter into the record in my absence. The bill as currently marked up seems to be very narrowly crafted and will benefit only a small subset of those of us in the nascent distilled spirits industry. I would like to bring the following issues to your attention:

1. The modifications to protect products labeled Hawaii, Hawaiian, Aloha State, 50th State, Maui, Kauai, Oahu, and Honolulu are inadequate. The problem in our industry is that the major imitation Hawaiian brands sold in our state are labeled as "Hana Bay", "Kanaha Bay", and "Diamond Head", and "Kona Coast" - just to name a few. These products are all made on the mainland and the bill does nothing to protect us from non-Hawaiian manufacturers employing these uniquely Hawaiian names.
2. The requirement for "all the primary ingredients" to be wholly fermented and/or distilled in the state is un-workable for many of us. For example, we will shortly be making a "Coconut Rum". This rum requires an alcohol based coconut flavoring to be added to the finished rum. We would love to use Hawaiian Coconut flavoring, unfortunately none is made here. Clearly, the Coconut flavoring is a "primary ingredient" and we would be unable to market this product as Hawaiian given the language of this bill. Mango, lilikoi, banana, and other flavors are also not available from Hawaiian manufacturers thus severely impact our ability these very standard flavors of popular distilled spirits products as "Hawaiian" despite 100% of the labor being performed in our state.

In general, I applaud your efforts to assist our industry. However, I believe this bill does not reflect the interests of all of us in this new industry who are working hard to create jobs from our premium Hawaiian agricultural products and pristine tropical waters. I would be happy to work with you to craft a bill that would be more reflective of your kind intentions to protect and support Hawaiian business. Thank you very much for considering my comments.

Sincerely,

Paul Case
LLC Member/Manager