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**TO:** Representative Angus L.K. McKelvey  
Chair, Committee on Economic Revitalization & Business  
*Via Email: ERBtestimony@capitol.hawaii.gov*

**FROM:** Gary M. Slovin

**DATE:** February 15, 2012

**RE:** **H.B. 2177 – Relating to Liquor**  
**Hearing Date: Thursday, February 16, 2012 at 8:30 a.m.**  
**Conference Room 312**

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Dear Chair McKelvey and Members of the Committee on Economic Revitalization & Business:

I am Gary Slovin testifying on behalf of Costco Wholesale Corporation in opposition to H.B. 2177, which prohibits the issuance of a liquor license to retailers whose premises at a single location where liquor would be sold or stored is 100,000 square feet or more.

H.B. 2177 would prohibit any retailer doing business in a store that is 100,000 square feet or more in size being issued a liquor license.

Costco has been operating in Hawaii in a responsible manner since 1988. Costco has enjoyed an excellent record during that time. In fact, a review of Costco's records over the past ten years indicates that Costco has had no liquor-related violations during that time. The nature of Costco as a membership warehouse club inhibits young people from purchasing liquor there. The bill does not identify a basis for discriminating against large retailers like Costco.

Should the bill become law, Costco estimates that it would need to eliminate approximately 120 living-wage (including health and other benefits to most employees) jobs in its Costco warehouses in Hawaii as a result of lost sales.

In 2011, Costco's sales of liquor in Hawaii generated substantially more than \$2,500,000 in state taxes.

Costco has a well-deserved reputation for selling high quality goods at low prices, and this concept applies to the sale of liquor. This bill would limit the ability of our citizens to choose where they shop, and they would lose the excellent selection and pricing that Costco offers on liquor. There is no basis for implementing this bill which would result in restricting where

February 15, 2012

Page 2

people shop for liquor.

The bill is anti-competitive. It is not Costco's intent, and never has been, to hurt other businesses. In fact, small businesses are one of Costco's largest customer bases, and the large number of small businesses in Hawaii is a principal reason why Costco came to Hawaii early in the life of the company. Costco has provided thousands of very good paying jobs with extensive benefits to Hawaii residents and has generated substantial revenue to the State and the counties. This bill would negatively impact both of these factors without any expressed justification.

Accordingly, we request that the bill be held.



Representative Angus McKelvey, Chair  
Representative Isaac Choy, Vice Chair  
Committee on Economic Revitalization & Business  
State Capitol, Honolulu, HI 96813

HEARING      Thursday, February 16, 2012  
                    8:30 am  
                    Conference Room 312

RE:      **HB2177, Relating to Liquor**

Chair McKelvey, Vice Chair Choy, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii.

**RMH strongly opposes HB2177**, which prohibits the issuance of a liquor license to retailers whose premises at a single location where the liquor would be sold or stored is 100,000 square feet or more.

This measure appears to impose sanctions on retailers merely because of SIZE and for no other logical reason or unlawful activity on the part of these retailers.

It has been our experience that our national retailers, because of their multi-state presences and responsibilities to comply with a myriad of state and county laws regulating alcohol, have adopted broad-reaching policies that far exceed the individual mandates.

Moreover, these retailers are most likely to have highly sophisticated and advanced POS systems in order to assure cashiers' compliance with alcohol sales restrictions and other age-restrictive laws.

HB2177 is discriminatory; we respectfully ask that you do not allow it to advance. Thank you for your consideration and for the opportunity to testify.

A handwritten signature in cursive script, appearing to read 'Carol Pregill'.

Carol Pregill, President

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**From:** Katie Jacoy [katiejacoy@comcast.net]  
**Sent:** Wednesday, February 15, 2012 8:28 AM  
**To:** ERBtestimony  
**Subject:** Wine Institute's Testimony in Opposition to HB 2177

Chair McKelvey & Members of the Committee on Economic Revitalization & Business:

Wine Institute is a public policy association, representing 910 California wineries of all sizes. We have serious concerns with HB 2177, prohibiting a retailer with a store premise or warehouse space of 100,000 square feet or more from obtaining a retail license to sell wine, beer or spirits.

Square footage of retail or warehouse space is not a rational basis for determining eligibility for a retail liquor license. Why should a retailer operating from a retail premise of 900 or 99,000 square foot premise be able to sell alcohol beverages but not one with 100,000 or more square feet? This approach simply discriminates based on size.

In addition, it would be unfair to take away or not renew the liquor license of any store over the arbitrary size limit currently selling wine, beer and spirits. These larger stores offer consumers convenience and lower prices. It would be a significant disadvantage to Hawaii consumers if this bill passes, because they will no longer be able to purchase alcohol beverages for home consumption when they are shopping for groceries and other household essentials. In addition, they may have to pay more at other standard retail stores.

We urge you not to pass HB 2177. Thank you for the opportunity to provide comments.

Katie Jacoy

**Katie Jacoy**  
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