

LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU
711 KAPIOLANI BOULEVARD, SUITE 600 • HONOLULU, HAWAII 96813-5249
PHONE: (808) 768-7300 or (808) 768-7355 • FAX: (808) 768-7311
E-mail address: liquor@honolulu.gov • INTERNET: www.honolulu.gov/liq

KIRK CALDWELL
MAYOR



MICHAEL S. YAMAGUCHI
CHAIRMAN
IRIS R. OKAWA
VICE CHAIR
WESLEY F. FONG
COMMISSIONER
JOSEPH V. O'DONNELL
COMMISSIONER
JOSEPH M. MAGALDI, JR.
COMMISSIONER
ANNA C. HIRAI
ACTING ADMINISTRATOR

February 24, 2014

Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johnson, Vice Chair
Committee on Finance

Hearing: Tuesday, February 25, 2014
1:00 p.m.; Room 308

Position: Providing Comments on HB2484 HD1, Relating to Liquor License Classes

Dear Chair Luke, Vice Chairs Nishimoto and Johnson, and Members:

For a variety of reasons, Honolulu County has a very modest number of manufacturers and producers when compared to its population size and level of commercial activity.¹ Although none of these licensees have contacted the Liquor Commission, City and County of Honolulu ("Commission") with input on the proposed measure, we will provide comments on House Bill 2484 HD1, Relating to Liquor License Classes.

1. The proposed measure would eliminate the 30,000 barrel cap for the Class 14 Brewpub license. As the Brewers Association defines a "small" brewer as one with an annual production of six million barrels or less, it would appear that the existing 30,000 barrel limit was unnecessarily restrictive.
2. The proposed measure would create a new Class 18 liquor license for the "small craft producer pub". We note that there will be a degree of overlap between the new Class 18 license and the existing Class 14 Brewpub and Class 16 Winery licenses. However, eligible distilled spirits manufacturers will gain the increased operational ability currently enjoyed by their malt beverage and wine producer counterparts. The previous inconsistency for the proposed Class 18 license production limits for wine versus the production limits for the Class 16 Winery license has been rectified in the HD1 (both Class 16 and Class 18 now limited to 20,000 barrels).
3. With respect to the ability of Class 18 licensees to permit the sale of product in kegs, "growlers", or recyclable containers provided by the licensee or the customer for

¹ Currently, five (5) Brewpub licensees and three (3) distilled spirits Manufacturer licensees.

Committee on Finance – HB 2484 HD1
Tuesday, February 25, 2014
1:00 p.m.; Room 308
Page 2

consumption off premises, we wish to point out that Federal labeling and bottling requirements will apply to this activity, which may involve a permitting process in addition to the required Federal basic permit.

The Commission appreciates the opportunity to provide comments on House Bill 2484 HD1, Relating to Liquor License Classes, with the hope that the “further discussion” permitted by the HD1 will elicit meaningful input from stakeholders should the proposed measure advance.

Respectfully submitted,


ANNA C. HIRAI
Acting Administrator

ACH:

finance1

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 22, 2014 9:40 AM
To: FINTestimony
Cc: g@mauibrewingco.com
Subject: Submitted testimony for HB2484 on Feb 25, 2014 13:00PM

HB2484

Submitted on: 2/22/2014

Testimony for FIN on Feb 25, 2014 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Garrett W. Marrero	Hawaiian Craft Brewers Guild	Support	No

Comments: Aloha, I am the vice-president of the Hawaiian Craft Brewers Guild. We stand in support of HB 2484 as it removes unnecessarily restrictive limitations on breweries and opens up the ability for small producers to diversify product lines. This is good for breweries, producers, and agriculture. We feel the State benefits from overall increase in taxes on more products will go to market. Sincerely, Garrett W. Marrero Vice-President Hawaiian Craft Brewers Guild

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



MAUI BREWING CO.

February 22, 2014

State of Hawaii
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair

Re: Testimony in SUPPORT of HB 2484

Aloha Ladies and Gentlemen of the Committee:

Mahalo for your time today. I apologize that I cannot personally attend this hearing as I have business to attend to on the Mainland.

We are in support of HB 2484 as it serves to remove unnecessarily restrictive limits on beer production and creates a license class that allows for a producer to craft products of several types.

We agree to the amended version.

Maui Brewing Co. is Hawaii's largest craft brewery, we are also the only brewery canning our beer in the State. We currently employ approximately 67 employees in the State. With the completion of the Kihei facility, we plan to add approximately 100 employees over the next 3 years. These employees live in Hawaii, raise their children here, pay taxes, and contribute to the community. This is directly related to the growth of industry in Hawaii, more beer brewed here means more jobs for the economy.

Specifically, when our new facility is completed in July we will likely surpass the current 30,000 barrel limit in just our second year. This will serve to directly impede the growth of our company and be a severe negative impact to the company and its employees alike.

Additionally as a fervent supporter of local agriculture we plan to offer more locally produced beverages such as distilled spirits and ciders using local fruits and fermentables. Class 18 would serve to free up restrictions on what can be produced and have a very positive impact on local agricultural initiatives. Additionally with no restriction on the barrelage we can produce, and new products that can be made, we believe there will be an increase in the total taxes paid.

Thank you for your time, please feel free to call me with any questions.

Mahalo,

Garrett W. Marrero
808.661.6205 office
808.280.4687 cell
G@MauiBrewingCo.com



February 22, 2014

State of Hawaii
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair !

Re: Testimony in SUPPORT of HB 2484

Aloha Ladies and Gentlemen of the Committee:

We are in support of HB 2484 as it serves to remove unjustified limits on beer production and create a license class that allows for a producer to create products of several types.

Kauai Island Brewing Company currently employs 30 full and part time employees. We are the only Brewpub on Kauai and have operated as a Class 14 brewpub since July 2012. Over the last 18+ months we've experienced double digit sales increases such that we are looking at expanding our brewing production capacity with the future intent to provide different product offerings, such as Spirits. We have also realized that many of our customers are sophisticated in their taste preferences and are looking for both local craft beer as well as local craft spirits. We have also seen a trend in other states to offer companion pairings of both local craft beer as well as spirits.

As a brewpub, we have the opportunity to personally interact on a daily basis with a significant number of people, both local and visiting tourists. The passage of this bill would allow us to not only affect our immediate customer perception of Kauai but to effect their perception throughout Hawaii.

Passage of this bill will help out the local Hawaii business owners by allowing greater access to the market and to remove an artificial barrel ceiling currently imposed on Breweries.

Sincerely,

Bret E. Larson, President
bret@kauaiislandbrewing.com
(808) 755-5926



Executive Officers:
Stanley Brown, ConAgra Foods - Chairperson
John Schilf, RSM Hawaii - Vice Chair
Derek Kurisu, KTA Superstores - Treasurer
Lisa DeCoito, Aloha Petroleum - Secretary
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

TO: Representative Sylvia Luke, Chair
Representative Scott Nishimoto, Vice Chair
Representative Aaron Ling Johnson, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 25, 2014
TIME: 1:00 pm
PLACE: Conference Room 308

RE: HB 2484 HD 1

Position: Asking for the inclusion of retail growlers.

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

HFIA would like for Hawaii to be added to the list of States that allows growler sales at the retail level. We think that this is a tremendous opportunity to decrease the use of glass and therefore the expensive burden of recycling glass. As legislators already know, the State is losing money trying to recycle glass because they are shipping it to the mainland and receiving less for the material than they are paying in shipping costs. Growlers are eco-friendly because they can be used over and over again. There is huge consumer demand for growlers. Other states, such as Oregon, have shown that growlers are tremendously promising because they reduce the use of material and promote local brews. Hawaii is an ideal market for growler sales and many of our members are interesting in providing this eco-friendly alternative to customers.

We would ask the committee add language to the first sentence of the description of the retail dealer license – "... shall authorize the licensee to sell the liquor therein specified in their original packages" adding the growler language used for brewpub growlers or what's in the proposed Class 18. We defer to the Honolulu Liquor Commission Acting Administrator, Anna Hirai, for more specific language recommendations.

Oregon's law allow for both wine and beer. For more information about Oregon's law, which appears to be very successful, please review the following links:

<http://www.oregonlaws.org/ors/471.227>

<http://www.oregon.gov/olcc/docs/publications/growlers.pdf>

<http://www.oregon.gov/olcc/LIC/Pages/Oregon-Winery-Law-Changes.aspx>

Thank you for the opportunity to testify.