

LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



February 3, 2014

Representative Angus L. K. McKelvey, Chair
Representative Derek S. K. Kawakami, Vice Chair
Committee on Consumer Protection & Commerce

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COMMISSIONER

ANNA C. HIRAI
ACTING ADMINISTRATOR

Hearing: Wednesday, February 5, 2014
2:10 p.m.; Room 325

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

Dear Chair McKelvey, Vice Chair Kawakami, and Members:

The Liquor Commission, City and County of Honolulu, provides comments on House Bill 2484, 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. One inconsistency is the proposed Class 18 license production limits for wine would be double that of the Class 16 Winery license (20,000 barrels for Class 18 versus 10,000 barrels for Class 16).
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 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 Liquor Commission appreciates the opportunity to provide comments on House Bill 2484, Relating to Liquor License Classes.

Respectfully submitted,


ANNA C. HIRAI
Acting Administrator

ACH:

LATE**McCORRISTON MILLER MUKAI MacKINNON LLP**

ATTORNEYS AT LAW

FACSIMILE TRANSMITTAL

Account No.: 49833

FACSIMILE NO.: 586-8437

TO: House Committee on Consumer Protection & Commerce
FROM: Hawaii Liquor Wholesalers Association
DATE: February 4, 2014
TOTAL NUMBER OF PAGES SENT (including this page): 3
RE: House Bill No. 2484, RELATING TO LIQUOR LICENSE CLASSES
Hearing Date: 2/05/2014 2:10 PM

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TRANSMITTED HERewith IS/ARE THE FOLLOWING:

Testimony submitted by Hawaii Liquor Wholesalers Association.

If you do not receive all of the pages, please call as soon as possible: (808) 529-7300

P. O. Box 2800
Honolulu, Hawaii 96803-2800, Telephone: (808) 529-7300
FAX: (808) 524-8293, E-Mail: "info@m4law.com"

February 4, 2014

Representative Angus L.K. McKelvey, Chair
 Representative Derek S.K. Kawakami, Vice Chair
 House Committee on Consumer Protection & Commerce
 State Capitol
 415 South Beretania Street
 Honolulu, Hawai'i 96813

Re: House Bill No. 2484 relating to liquor license classes

Dear Chair McKelvey and Vice Chair Kawakami and Committee Members:

On behalf of the Hawai'i Liquor Wholesalers Association ("HLWA"), we submit the following testimony on House Bill No. 2484 relating to liquor license classes, which is scheduled to be heard by your Committee on Consumer Protection & Commerce on Wednesday, February 5, 2014.

House Bill No. 2484 proposes to delete the limitation on the amount of malt beverages that may be manufactured by a brewpub and establish a new class of Liquor Commission licensee for small craft producer pubs.

HLWA does not object to the creation of a new licensee category of small craft producer pubs, as long as the exemption for small craft producer and brewpubs to not purchase liquor from licensed wholesalers is limited to liquor that the pubs manufacture themselves. The exemption should not apply to liquor that the pubs do not manufacture. If brewpub and small craft producer pubs licensees are permitted to purchase directly from other manufacturers, these brewpub and small craft producer pubs licensees will obtain an unfair competitive advantage *vis a vis* other restaurants and dispenser general licensees, who are required to purchase from licensed wholesalers.

Specifically, if this Committee intends to move House Bill No. 2484 forward, we respectfully suggest the following revisions in Section 3 of the bill:

- At page 14, lines 5-6, delete "a class 1 manufacturer licensee or", so that the first sentence of section 281-31(n)(3) relating to brewpubs provides as follows:
 - (3) May sell intoxicating liquor purchased from ~~[a class 1 manufacturer licensee or]~~ a class 3 wholesale dealer licensee to consumers for consumption on the licensee's premises.
- At page 21, lines 1-2, delete "a class 1 manufacturer licensee or", so that the first sentence of new Section 281-31(r)(4) relating to small craft producer pubs provides as follows:

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House Committee on Consumer Protection & Commerce
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Page 2

- (4) May sell intoxicating liquor purchased from a class 3 wholesale dealer licensee to consumers for consumption on the licensee's premises.

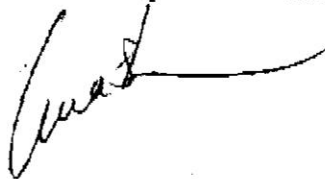
Deleting the ability of existing brewpub licensees and the new proposed small craft producer pubs licensees to purchase liquor directly from other manufacturers for consumption on their premises would not prevent brewpub and small craft producer pubs licensees from selling their own products directly to consumers on their premises, which presumably is the intent of the brewpub and small craft producer pubs licensing. Brewpubs and small craft producer pubs licensees, however, would be required to purchase products manufactured by other manufacturers from licensed wholesalers, as generally is required of all other restaurant and dispenser general liquor licensees.

The purpose of the proposed revisions is to maintain the integrity of the three tier liquor distribution system and to prevent brewpub and small craft producer pubs licensees from having a competitive advantage over other restaurant and dispenser general licensees with respect to products that the brewpubs and small craft producer pubs licensees do not manufacture. We do not believe that the intent of brewpub or small craft producer pubs licensing is or should be to create such an unfair advantage and we therefore support amendment of House Bill No. 2484 as set forth above if the Committee advances this measure.

Thank you for your consideration.

Very truly your,

HAWAII LIQUOR WHOLESALERS ASSOCIATION



301261.1

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 01, 2014 10:05 AM
To: CPCtestimony
Cc: hayacyn@hawaii.rr.com
Subject: Submitted testimony for HB2484 on Feb 5, 2014 14:10PM
Attachments: HB2484_JDL_UPL.doc

Follow Up Flag: Follow up
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HB2484

Submitted on: 2/1/2014

Testimony for CPC on Feb 5, 2014 14:10PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Cynthia Takenaka	NAIFA Hawaii	Oppose	Yes

Comments:

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.

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LATE

Via Email
February 4, 2014

Representative Angus McKelvey, Chair
Representative Derek Kawakami, Vice Chair
House Committee on Consumer Protection & Commerce
Hawaii State Capitol
415 South King Street
Honolulu, HI 96813

Re: H.B. 2484 relating to liquor license classes

Dear Chair McKelvey and Vice Chair Kawakami and Committee Members:

On behalf of Southern Wine and Spirits of Hawaii, we respectfully submit the following written testimony on H.B. 2484 relating to liquor license classes which is to be heard by your Committee on Consumer Protection & Commerce on February 4, 2014.

H.B. 2484 proposes to establish a new class of Liquor Commission licensee for small craft producer and to remove the requirement that a class 14 brewpub licensee manufacture not more than 30,000 barrels of malt beverages.

While we do not object to the new class for small craft producer pubs, we do object to the provisions that allow the purchase of liquor directly from other manufacturers for both the small craft producer pubs and brewpubs. This would create an unfair advantage for the small craft producer pubs and brewpubs over other restaurants and dispenser general licensees, who are required to purchase from licensed wholesalers, thus avoiding the three-tier distribution system which is governed by the 21st Amendment of the United States Constitution.

We respectfully ask your Committee to have these provisions removed (page 14, line 6 and page 21, line 1) if H.B. 2484 is moved forward.

Sincerely

Steve Perry
Vice President, Operations



MAUI BREWING CO.

LATE

LATE

February 5, 2014

State of Hawaii
Committee on Consumer Protection & Commerce
Rep. Angus L. K. McKelvey, Chair
Rep. Derek S.K. Kawakami, 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.

Our only criticism is that we prefer the removal of the barrelage limit not be attached to the creation of a new license class. We would prefer to keep them separate as we see the barrelage limit removal as an administrative correction whereas the Class 18 creation could be a more involved process.

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 sever 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.

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

Mahalo,

Garrett W. Marrero
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808.280.4687 cell
G@MauiBrewingCo.com

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