

SB1151

Measure Title: RELATING TO INTOXICATING LIQUOR.

Report Title: Liquor Licenses; Restaurant; Retail Dealer; Brewpub; Small Craft Producer Pub

Description: Authorizes restaurants and retail dealers with a liquor license to sell beer, malt beverages, wine, or cider for off-premises consumption, under certain conditions. Authorizes brewpubs and small craft producer pubs with a liquor license to sell for off-premises consumption malt beverages purchased from another liquor licensee.

Companion:

Package: None

Current Referral: CPN, PSM

Introducer(s): TANIGUCHI

<u>Sort by Date</u>		Status Text
1/28/2015	S	Introduced.
1/28/2015	S	Passed First Reading.
1/28/2015	S	Referred to CPN, PSM.
1/30/2015	S	The committee(s) on CPN has scheduled a public hearing on 02-05-15 9:00AM in conference room 229.

**LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU**

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ASSISTANT ADMINISTRATOR

February 2, 2015

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair
Committee on Commerce and Consumer Protection

Hearing: Thursday, February 5, 2015
9:00 a.m.; Room 229

Position: Providing Comments on SB 1151, Relating to Intoxicating Liquor

Dear Chair Baker, Vice Chair Taniguchi, and Members:

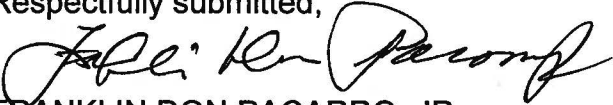
The Liquor Commission, City and County of Honolulu (Commission), provides the below comments on Senate Bill 1151, Relating to Intoxicating Liquor:

1. In Section 1, the proposed measure would amend Section 281-31(c), Hawaii Revised Statutes (HRS), to permit Class 2 Restaurant licensees to sell "... beer, malt beverages, wine, or cider ..." for off-premises consumption, subject to the specified container requirements. We wish to note that a Class 2 Restaurant licensee must hold a General or Beer and Wine "kind" of license in order to sell these four (4) types of products.
2. In Section 2, the proposed measure would amend Section 281-31(e), HRS, to permit Class 4 Retail Dealer licensees to sell the same four (4) types of products in non-original packages for off-premises consumption, subject to the specified container requirements. The requirement that all liquor products sold by Retail Dealers are restricted to off-premises consumption is an immutable part of the Class 4 license, whether sold in original packages or non-original packages as proposed. Accordingly, less redundancy and greater clarity in this Section could be achieved by substituting "in non-original packages" for "for off-premises consumption" at the beginning of the proposed sentence.
3. In Section 3, the proposed measure would amend Section 281-31(n), HRS, to permit Class 14 Brewpub licensees to sell malt beverages purchased from other manufacturers or wholesalers in "growler" form. As the Commission has not experienced regulatory problems from its Brewpub licensees specific to "growler" sales of self-manufactured product, we do not anticipate increased regulatory problems should Brewpub licensees be permitted to expand their "growler" sales ability as proposed.

4. In Section 4, the proposed measure would amend Section 281-31(r), HRS, to permit Class 18 Small Craft Producer Pub licensees to offer the expanded "growler" sales ability described in Section 3 for Brewpub licensees. As the Commission does not yet have any Class 18 licensees, we are unable to provide further input on the Section 4 proposed amendments.

The Liquor Commission appreciates the opportunity to provide comments on Senate Bill 1151, Relating to Intoxicating Liquor.

Respectfully submitted,



FRANKLIN DON PACARRO, JR.
Administrator

FDP:ACH



Executive Officers:

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TO:
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 5, 2015
TIME: 9am
PLACE: Conference Room 229

RE: SB1151

Position: Support

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.

This bill will spur the growth of Hawaii's craft beverage industry. Promoting and facilitating the sale of these kinds of local products enables economic growth and innovation.

This bill would also allow the use of growlers by retail dealers in Hawaii, which is an important step in decreasing the use of glass in the state, and by extension decreasing the expense of recycling glass. Growlers are far more eco-friendly than other container options because they can be used over and over again. The recent audit of the Glass Advance Disposal Fee has made it very apparent that continuing to handle the disposal of glass in the way we have been is not an option, one simple solution to help unburden this program is to reduce the amount of glass we use.

This bill is a step in the right direction economically and environmentally, please vote yes on this measure.

Thank you for the opportunity to testify.

SB1151

Submitted on: 2/3/2015

Testimony for CPN on Feb 5, 2015 09:00AM in Conference Room 229

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

Comments: Per previous testimony submitted by Maui Brewing Co, as the Vice President of the Hawaiian Craft Brewers Guild echo the supporting testimony submitted



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SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Thursday, February 05, 2015, 9:00 am

Testimony in Opposition to SB 1151 Relating to Intoxicating Liquor

Dear Chair Baker and Members of the Committee on Commerce and Consumer Protection:

Wine Institute ("WI") is a public policy association representing 816 California wineries of all sizes. WI **opposes** the current language in S.B. 1151, which authorizes restaurants and retail dealers with a liquor license to sell beer, malt beverages, wine, or cider for off-premises consumption, under certain conditions.

WI specifically opposes the language in S.B. 1151 which permits restaurants and retail dealers with a liquor license to sell wine for off-premises consumption. The bill allows for this sale to occur in glass, ceramic, or metal containers that are sold to or provided by the patron that do not exceed a maximum capacity of one-half gallon.

It is critical to wineries that they can make a business decision as to the packaging of their wine as it is sold to consumers. Wineries also need the ability to ensure that their wine is not adulterated. WI has concerns that allowing growlers to be used for wine will cause sanitation issues. Since there are no federal standards for wine growlers, they would essentially be unregulated.

WI also has marketing concerns regarding the lack of labeling on growlers. Wine labels are a key part to developing brand identity with consumers. Labels provide consumers with important information about the wine, such as varietal, vintage, AVA designation and tasting notes. It would also contain the name of the winery, alcohol content, or federal warnings. A wine growler will not be labeled and could even bear the label of some other product, which is a concern to the wine industry.

This bill is a significant expansion of the retail sale of wine by allowing restaurants to fill & sell wine growlers for off-premise consumption. This will likely require additional enforcement by liquor commissions. Also, selling wine (as well as beer and cider) in large, unmarked containers may cause difficulty for police to enforce open container laws and prohibition against drinking alcohol in public. For example, a common metal water bottle with a screw-top lid would qualify as a growler under the law as drafted. Consumers drink out of such containers all the time in

public places – as a public policy matter, the State may not want retailers to be filling these “to go” bottles.

If local wineries in Hawaii want to make the choice to fill and sell wine of their own production in growlers from their tasting rooms, that should be permitted, because it keeps the decision on how the wine is packaged with the winery. Wine growlers should only be allowed to be filled on winery controlled premises.

For these reasons, WI would respectfully suggest that, if the Committee is inclined to move this measure forward, that the measure should be amended to either remove wine altogether, or clarify that wine would only be permitted to be filled in growlers on winery controlled premises.

Thank you for the opportunity to testify on this measure.



February 3, 2015

TO: Committee on Commerce and Consumer Protection
Senator Rosalyn Baker, Chair
Senator Brian Taniguchi, Vice Chair

FROM: Whole Foods Market
Claire Sullivan, Hawai`i Coordinator, Purchasing & Public Affairs

DATE: Thursday, February 5, 2015

TIME: 9am

PLACE: Conference Room 229

RE: SB1151

POSITION: Support

Whole Foods Market strongly supports SB1151. The purpose of this measure is to expand the current law that allows for the sale of growlers at brew pubs and small craft producer pubs to allow for the sale of growlers at all liquor retail establishments and restaurants. It will also allow brew pubs and small craft producer pubs to sell different brands of beer in growlers.

The advantages to this bill are manifold. First, the use of growlers reduces reliance on single use glass and aluminum containers because growlers are reusable. Second, consumers will benefit from an expanded selection of draft beer and the convenience of purchasing growlers for consumption at home. They will also be able to try limited-release beers that are not available in cans and bottles, including those produced by local craft brewers. Third, this will contribute to the growth and expansion of the local craft beer industry. Finally, it will increase business for retailers, restaurants, brew pubs and small craft producer pubs, which will in turn provide employment opportunities in the State of Hawai`i.

Whole Foods Market is a proud partner of the craft brewing industry, including local craft brewers in Hawai`i. We look forward to being able to offering fine Hawai`i made beer in growlers at our stores here, as we do at stores in other communities around the country.

Thank you for the opportunity to testify.



MAUI BREWING CO.

February 3, 2015

State of Hawaii
Committee on Consumer Protection & Commerce
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

Re: Testimony in Support of SB1151

Aloha Ladies and Gentlemen of the Committee:

I am writing to you in strong support of SB1151. This bill will serve to support and promote the burgeoning Craft Brewing industry in Hawaii, currently there are 8 operational breweries with 8 more "breweries in planning". These business will create jobs and promote Hawaii.

I support this measure as it creates more opportunity for craft brewers to sell beer for consumers to enjoy at home. Many of the newer breweries in our State have opened in just the past few years and have not been able to afford packaging equipment which would allow them to put their beer into a package that consumers can take home and share. This is a vital aspect of profitability in a small brewery. Additionally this bill gives consumers access to many beers from around the country that are not available in small packages and only found on draft. I believe this also encourages responsible consumption in that it gives the consumer a way to bring beer home rather than have more while out.

Many States have legislation that allows "growler" fills by retail and restaurant licensees. These States also for the most part enjoy a vibrant craft beer industry that contributes significantly to the local economy.

Additionally, in speaking with the rest of Hawaii's craft brewers this year, and in the past, we all support this type of legislation to promote craft beer and local breweries, as well as increase access and diversity of choices of craft beer for consumers.

For these reasons, on behalf of Maui Brewing Co., I submit testimony in support of this bill and ask for your support in its passage.

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

Mahalo,

Garrett W. Marrero
808.213.3002 office
garrett@MauiBrewing.com

February 3, 2015

State of Hawaii
Committee on Consumer Protection & Commerce
Senator Brian T. Taniguchi, Vice Chair
Senator Rosalyn H. Baker, Chair

Re: Testimony in Support of SB1151

Aloha Ladies and Gentleman of the Committee:

I also am writing you in strong support of SB1151. This Bill will push through legislation for something I've been promoting for a couple years. Craft beers have been a hugely successful business on the mainland and continue to grow. After years of working here in Maui in the hospitality business and getting requests for growlers I elected to start a small start up to promote the smaller micro beers that consumers can't get in grocery stores. I'm hoping this bill gets passed as we are already approved for a beer and wine license and one day hoping the growlers will get passed on the retail level. Currently there are over 40 Whole Food grocery stores carrying and supplying growlers to the beer aficionado's. Long's Drug Stores recently opened and is planning on opening 15 more growler fill stations in their stores.

There are close to 40 states currently allowing "growler" fill stores by retail and restaurants. These states have a strong backing for craft beer creating more jobs and bringing more investment opportunities.

Growlers are great for the environment. They are reusable, refillable and recyclable. In fact often times I had guests at hotels inquire where they could fill up their growler to bring back to the hotel as the beer offerings weren't up to their taste.

Lastly, I believe and there are statistics to support this that consumers that buy growlers are higher salary earners and spend less time in bars

drinking as it is easier to take a growler home as they last up to 4 to 5 days.

Thank you for your time regarding this bill. For more information feel free to contact me, or even Google growlers or look under Wall Street Journal as there are many articles discussing the growing market.

Mahalo,

Derek Braun- Maui Growlers LLC
DBA; What Ales You
808-463-9933

SB1151

Submitted on: 2/3/2015

Testimony for CPN on Feb 5, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
John C. Braun	Individual	Comments Only	No

Comments: I'm hoping this email will reach the proper senate Committee on Commerce concerning growler beer container sales in Maui. As someone who has lived in both Bend and Eugene, Oregon I've seen the successful growth of growler sales and it's positive impact on reducing glass and aluminum cans in landfill collections. Also in Oregon drunk drivers are not craft beer drinkers and the same people who support growlers take their purchases home as they don't lend themselves to being left outdoors as the cost of the growler is attractive as a re-suable steam cleaned container brought back to any honoring growler station. The craft beer industry, and even Anheuser-Busch are now regional owners of this fast growing industry. Police reports support the contention that growler drinkers are interested in quality of taste and not of inexpensive volume beers. This is not an inexpensive hobby but a practice to be savored much like fine wines. Maui will be cleaner beaches and less over indulging if they support this bill. I look forward to visiting Maui with approved growler sales in 2015. Mahalo, John C. Braun. Eugene, Oregon

February 3, 2015

State of Hawaii

Re: Testimony in Support of SB1151

To Whom It May Concern:

“Growlers at the retail level have been a huge boon for both the tourism and businesses in Central Oregon. With all of the outdoor activities and wide variety of unique breweries locally, the general public (both locals and visitors) have been able to reduce waste by recycling containers and expand the exposure of smaller local businesses who provide distribution and sale of beverages and containers. It has been great to have access to a wide selection of beer, cider, and wine. Growlers have become the container of choice for many locals who want to take beverages home for enjoyment.”

Let me know if I can help in any way going forward...

All the best!

J Grant Aspell Senior Registered Client Associate Aspell
Waterman Group

Wells Fargo Advisors 320 SW Upper Terrace Suite 200 Bend,
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SB1151

Submitted on: 2/3/2015

Testimony for CPN on Feb 5, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Gregory Lopez	Individual	Support	No

I am in favor of SB 1151. I agree it would be in the best interest of Hawaii's business community if this bill were passed. The "Growler" has been in use on the mainland for quite a few years now and it is time Hawaii caught up with the rest of the world. It is an opportunity for the citizens of the state to enjoy their favorite beverages at home, without the risk of driving while intoxicated. Citizens can take home a "growler" without having to partake of it and then leave. They also have a chance to get the product at a reasonable price as well.

This is a product that is intended to take home and consume. The "growler" will only be filled if being removed from the premises. The probability of patrons taking it into the parking lot or drinking in their cars is the same as another product purchased from any liquor store, big department store or grocery store. In my opinion it will actually be lower, since the products offered will be of a higher quality (micro-brews), which are generally consumed by a more educated clientele.

There is already one establishment on Maui that has been offering this same service for quite a few years already, Maui Brewing Company. It has worked quite successfully for them, and I feel can greatly improve business for others as well. The format that MBC has been using is almost identical to others that are following this business practice on the mainland and could be used as a model for others.

SB1151

Submitted on: 2/3/2015

Testimony for CPN on Feb 5, 2015 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
mary lisa santos	Individual	Support	No

Comments: I am in support of this bill because I feel it will financially benefit the local businesses and island of maui