

Honolulu, Hawaii

MAR 01 2018

RE: S.B. No. 2711
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2711 entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that a class 14 brewpub licensee or class 18 small craft producer pub licensee may conduct certain activities at locations other than the licensee's primary manufacturing premises under certain conditions;
- (2) Clarify the definition of growler; and
- (3) Allow direct shipping of all forms of liquor, rather than just wine, by certain licensees.

Your Committee received testimony in support of this measure from the Hawaiian Craft Brewers Guild; Waikiki Brewing Company; Honolulu BeerWorks; REAL a gastropub; Big Island Brewhaus; Maui Brewing Co.; Kauai Beer Company; Stewbum & Stonewall Brewing Co.; Lanikai Brewing Company; Kaua'i Island Brewing Company, LLC; and five individuals. Your Committee received comments on this measure from the Liquor Commission of the City and County of Honolulu.



Your Committee finds that the popularity of growlers, a type of container used to transport beer, continues to increase. Although growlers were originally made of glass, they are now made from a wider range of environmentally friendly reusable or recyclable materials. This measure reflects this change in container materials by defining growler as a recyclable or reusable container not to exceed one gallon.

Your Committee further finds that the State's craft breweries are increasing in number, through the addition of new start-up brewery businesses and the expansion of existing businesses. Breweries that have an initial or primary manufacturing premises may wish to expand to a new establishment, sometimes in a second county. This measure addresses inconsistencies in existing law by allowing a second location, which may not be a manufacturing facility, to conduct activities such as dispensing and retail sales under the same trade name as the original licensee, without having to obtain a second production license. However, your Committee has heard the concerns about the potential requirements for an additional public hearing for a licensee who wishes to open a second location in a different county, as your Committee notes that this is a costly and time-consuming process. Amendments to this measure are therefore necessary to clarify when a licensee may avoid the requirement for a public hearing prior to the establishment of a secondary location under the licensee's trade name.

Your Committee additionally finds that existing law allows the direct shipment of wine. This measure achieves parity across all categories of beverage alcohol by permitting direct shipment of specified amounts of beer, spirits, and wine. Your Committee notes that start-up breweries and smaller craft breweries usually lack access to distributors who will export their beer out of the State. This measure therefore provides an opportunity for Hawaii's craft beer businesses to offer products through direct sales to new markets and a wider customer base.

Your Committee has amended this measure by:

- (1) Clarifying that the public hearing requirements for another location of a class 14 brewpub licensee or class 18 small craft producer pub licensee, located within any county in the State, shall not apply to that other



location, if there have not been any actionable complaints against the original class 14 licensee or class 18 licensee; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2711, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* SB 2711	Committee Referral: CPH	Date: 2/22/18		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TOKUDA, Jill N. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.				/
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes