



January 31, 2018

House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. in Conference Room 309

Re: HB 2411, RELATING TO INTOXICATING LIQUOR, SUPPORTING TESTIMONY

Aloha Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and members of the  
Committee on Economic Development and Business

My name is Geoffrey Seideman, I live in Hawaii Kai, Oahu, and I am the Owner and Brewer of Honolulu BeerWorks brewery in Kaka'ako. Mahalo for the opportunity to submit testimony, I apologize that I could not be there in person as my growing business needs me present. I am writing on behalf of our local family-operated business, Honolulu Beerworks, in support **HB2411** which addresses inconsistencies and increases uniformity in laws regarding liquor manufacturing and sales.

**Second location clause**

Provides more consistency and uniformity for craft beer establishments across the state. Breweries start up with a manufacturing location and when they expand to a second location, will want to sell their retail products at the new establishment, including the ability to sell at a second location under the same trade name in another county.

This bill promotes local manufacturing. Hawaii's craft breweries have more opportunities to get their products in the marketplace with this bill because it enables the retail sale of craft brewing products at a second properly licensed location, including when the primary manufacturing and second location are not in the same county.

**Consistency in the Growler law**

Growlers, crowlers, and other types of reusable and recyclable containers are very popular with our customers. Sales of our craft beer products in these containers continue to increase. We support the use of environmentally friendly container materials and expansion of the term growler to recyclable or reusable container.

The definition of growler is currently inconsistent for our business and our customers. We support using growler to mean a container not to exceed one gallon.

**Honolulu Beerworks**  
**328 Cooke St, Honolulu HI. 93813**  
**808-589-2337**

## **Direct Shipping**

Breweries that are just starting out and smaller sized craft breweries don't usually have access to distributors that will export their beer out of state. This bill is proactive in providing an opportunity for direct shipping to new markets and a wider customer base.

Direct shipping increases the viability of small craft breweries by allowing export of our products to our current brewery fans and potential new customers.

Direct shipment of wine is already allowed. Expanding the statute to allow defined amounts of beer, spirits and wine under the term liquor achieves parity across all three categories of beverage alcohol, expanding marketplace options for Hawaii's beverage alcohol manufacturers.

Honolulu Beerworks is a small, independent craft brewery located in the heart of Kaka'ako. We opened in 2014 with 18 employees and have undergone 3 expansions since then. We now currently employ 36 and have our eyes on expanding again in the near future.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2411.

Sincerely,

Geoffrey Seideman

Owner/Brewer

**Honolulu Beerworks**  
**328 Cooke St, Honolulu HI. 93813**  
**808-589-2337**



# MAUI BREWING CO

January 31, 2018

House Committee on Economic Development & Business  
Friday, February 2<sup>nd</sup>, 2018, 8:45am  
State Capitol, Conference Room 309

Re: HB2411, RELATING TO INTOXICATING LIQUOR, SUPPORTING TESTIMONY

Aloha Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

I'm writing on behalf of our local family-operated business, Maui Brewing Co. in support of **HB2411** which clarifies various items in current liquor laws; namely the second location clause, and the growler law. Additionally, passage of this bill will expand the current direct shipping laws to include Hawaii's breweries and distilleries.

Why are the clarifications necessary?

### **Second Location Clause**

Currently HRS 281 allows for Class 14 and 18 licensees to operate another location within the State so long as its properly licensed. This is to encourage and allow a producer to manufacture at one central plant and sell their products thru other owned establishments. It doesn't make sense to have multiple manufacturing sites so this clause was added in order to promote local manufacturing. The current County system presents a challenge as the language in 281 can be misconstrued. A clarification is necessary to ensure that a business manufacturing on one island, can sell its products on another island under the proper license.

Case in point, Maui Brewing Co. Waikiki cannot currently sell Maui Brewing Co. (MBC) products at retail as the current rules are being interpreted by the departments across two counties require a signoff of the "home" county. Unfortunately, the home county maintains they have no jurisdiction and therefore cannot give a ruling. The rule needs clarification in order to direct Liquor Commissions to allow businesses to thrive across the State. The current State law is in place to do so and the directive needs to be made.

### **Growler Clarification**

Current law is confusing as to the size that a growler can be sold in. In one place it specifies growler as up to "one-half gallon" but in next paragraph referring to recyclable containers states "one gallon". The original law was written when only glass growlers were available. Due to the growth of craft beer across the United States vendors now offer options in aluminum, stainless, plastic, ceramic and etc. We're proposing a simplification of 2 paragraphs into one where a growler be defined as a recyclable container up to one gallon in size.

**Handcrafted Ales & Lagers Brewed with Aloha**  
605 Lipoa Parkway, Kihei, HI 96753  
808.213.3002

## **Direct Shipping**

Hawaii has specific Direct Shipping laws allowing the direct shipping of wine by wineries. This means a winery can send direct to consumer in Hawaii or outside the State. The system exists to allow reciprocity; in short if Hawaii want to allow shipping to other States, Hawaii must allow those States to ship to consumers here. Taxes must be paid, licenses issued, proper shipping rules ensuring proper age of recipient and etc. We are seeking the change in these rules to allow the same rights afforded to Wineries be conferred to Hawaii's breweries and distilleries as we manufacture locally and wish to export our products directly. The majority of smaller breweries do not have access to distribution as they are often too small to attract a wholesaler partner. We feel that it is imperative to their survival that access be given to retail to consumers around the world. This serves to increase the viability of a small craft brewery and to increase Hawaiian exports bringing attention to the growing brewing scene in Hawai'i. In order to accomplish this we feel that HRS 281-33.6 can expand upon its direct shipping rules to allow reciprocity for not just wine but beer and spirits as well. This would also achieve fairness and parity across the three categories of beverage alcohol.

Maui Brewing Co. is a small, independent craft brewery that began with just 23 on our team in 2005. We are now over 500 strong and Hawaii's largest craft brewery. We did this in the face of significant challenges to growth at all levels; financial, shipping, taxation, legislative and more.

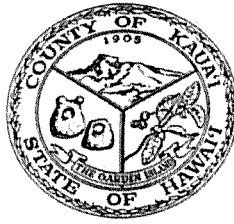
Thank you for the opportunity to offer these comments.

Sincerely,



Garrett W. Marrero  
CEO/Founder

**Bernard P. Carvalho Jr.**  
Mayor



**Gerald T. Rapozo**  
Director

**Wallace G. Rezentes Jr.**  
Managing Director

**DEPARTMENT OF LIQUOR CONTROL**  
**County of Kaua'i, State of Hawai'i**  
4444 Rice Street, Suite 120, Līhu'e, Hawai'i 96766  
TEL (808) 241-4966 FAX (808) 241-6585

January 31, 2018

Representative Cindy Evans, Chair  
Representative Jarrett Keohokalole, Vice Chair  
Committee on Economic Development & Business

**Hearing:** Friday, February 2, 2018  
8:45 a.m.; Room 309

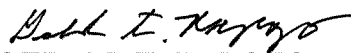
**Position:** Comments on HB 2411, Relating to Intoxicating Liquor

Dear Chair Evans, Vice Chair Keohokalole and Members:

The Department of Liquor Control, County of Kauai, concurs with testimony submitted by the Honolulu Liquor Commission.

Thank-you for the opportunity to testify on this matter.

Respectfully Submitted,

  
GERALD T. RAPOZO  
Director

**LIQUOR COMMISSION  
CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600, HONOLULU, HAWAII 96813-5249  
PHONE (808) 768-7300 or (808) 768-7333 • FAX (808) 768-7311  
INTERNET ADDRESS: [www.honolulu.gov/liq](http://www.honolulu.gov/liq) • E-MAIL: [liquor@honolulu.gov](mailto:liquor@honolulu.gov)



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CO-VICE CHAIR

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ANNA C. HIRAI  
ASSISTANT ADMINISTRATOR

January 31, 2018

The Honorable Cindy Evans, Chair  
The Honorable Jarrett Keohokalole, Vice Chair  
and Members of the Committee on Economic  
Development & Business

**Hearing:** Friday, February 2, 2018  
8:45 AM; Room 309

**Position:** Comments on HB 2411, Relating to Intoxicating Liquor

Dear Chair Evans, Vice Chair Keohokalole, and Members:

The Liquor Commission, City and County of Honolulu (Commission), appreciates the opportunity to submit testimony providing comments on House Bill 2411, Relating to Intoxicating Liquor.

The Commission fully supports legislation that both enables licensees to expand their businesses but also gives reasonable flexibility to regulators in addressing the changing nature of the liquor industry. That said, we have comments on parts of Section 1 of House Bill 2411 that we believe will clarify the desired impact of the proposed measure.

1. Secondary Location(s) as a Different Class of License.

As written, a Class 14 Brewpub or Class 18 Small Craft Producer Pub would be permitted a secondary location(s) in a second county if "... *licensed* ... within the county of operation." This *licensing* language properly would be interpreted to require the Class 14 or Class 18 licensee to go through public hearing as provided in Sections 281-57 to 281-60, Hawaii Revised Statutes, as amended (Public Hearing) in order to establish a second location as any of the listed license classes.

Currently, a holder of a Class 14 or Class 18 license is able to apply for a liquor license of whatever type independent of the Section 1 proposed language. If a concern to the licensee, "brand" identity would be furthered through use of the same trade name. Therefore, the Section 1 proposed language pertaining to *licensing* the secondary location in the county of operation would appear to be unnecessary.

2. Secondary Location(s) as the Same Class of License.

If, however, the Class 14 or Class 18 licensee were restricted to keeping the same class of license as currently held, the secondary location(s) requirement reasonably could be limited to being properly *permitted* in the county of operation, which would not require a Public Hearing. Requiring the licensee to keep the same class of license for its secondary location(s) would be consistent with public expectation of what a "second location" consists of, while not subjecting the licensee to a Public Hearing because it is in effect applying for a new license in a new location. Finally, with some rule amendments, the Commission would exercise satisfactory regulatory oversight over a Class 14 or Class 18 *permittee* to ensure compliance.

As stated in paragraph 1 above, if a Class 14 or Class 18 licensee wishes to become a Class 1 Manufacturer, Class 2 Restaurant, Class 4 Retail Dealer, Class 5 Dispenser, or Class 12 Hotel in any county, the individual or entity holding the license may apply for other classes of license in any county independent of the proposed measure.

The Liquor Commission appreciates the opportunity to provide testimony on House Bill 2411, Relating to Intoxicating Liquor.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Franklin Don Pacarro, Jr.", written in a cursive style.

FRANKLIN DON PACARRO, JR.  
Administrator

FDP:ACH



# MAUI BREWING CO

January 31, 2018

House Committee on Economic Development & Business  
Friday, February 2<sup>nd</sup>, 2018, 8:45am  
State Capitol, Conference Room 309

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Why are the clarifications necessary?

### **Second Location Clause**

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Case in point, Maui Brewing Co. Waikiki cannot currently sell Maui Brewing Co. (MBC) products at retail as the current rules are being interpreted by the departments across two counties require a signoff of the "home" county. Unfortunately, the home county maintains they have no jurisdiction and therefore cannot give a ruling. The rule needs clarification in order to direct Liquor Commissions to allow businesses to thrive across the State. The current State law is in place to do so and the directive needs to be made.

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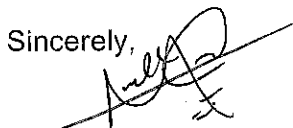
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Maui Brewing Co. is a small, independent craft brewery that began with just 23 on our team in 2005. We are now over 500 strong and Hawaii's largest craft brewery. We did this in the face of significant challenges to growth at all levels; financial, shipping, taxation, legislative and more.

Thank you for the opportunity to offer these comments.

Sincerely,



Russell H Adkins  
CFO



## **Kohola Brewery**

Ian Elumba  
910 Honoapiilani Highway #55  
Lahaina, HI 96761  
808-740-1499  
ie@koholabrewery.com

### HB 2411 Relating to Intoxicating Liquor

House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. in Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and members of the Committee on Economic Development and Business

### Position: **Support**

My name is Ian Elumba, I live in Kihei, Maui and I am the (Co-Founder/Co-Owner) of Kohola Brewery, located in Lahaina, Maui.

We/I (at Kohola Brewery) support HB 2411 which addresses inconsistencies and increases uniformity in laws regarding liquor manufacturing and sales.

This change will allow

Second location clause Provides more consistency and uniformity for craft beer establishments across the state. Breweries start up with a manufacturing location and when they expand to a second location, will want to sell their retail products at the new establishment, including the ability to sell at a second location under the same trade name in another county. This bill promotes local manufacturing. Hawaii's craft breweries have more opportunities to get their products in the marketplace with this bill because it enables the retail sale of craft brewing products at a second properly licensed location, including when the primary manufacturing and second location are not in the same county.

Consistency in the Growler law

Growlers, crowlers, and other types of reusable and recyclable containers are very popular with our customers. Sales of our craft beer products in these containers

continue to increase. We support the use of environmentally friendly container materials and expansion of the term growler to recyclable or reusable container. The definition of growler is currently inconsistent for our business and our customers. We support using growler to mean a container not to exceed one gallon.

#### Direct Shipping

Breweries that are just starting out and smaller sized craft breweries don't usually have access to distributors that will export their beer out of state. This bill is proactive in providing an opportunity for direct shipping to new markets and a wider customer base. Direct shipping increases the viability of small craft breweries by allowing export of our products to our current brewery fans and potential new customers.

Direct shipment of wine is already allowed. Expanding the statute to allow defined amounts of beer, spirits and wine under the term liquor achieves parity across all three categories of beverage alcohol, expanding marketplace options for Hawaii's beverage alcohol manufacturers.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2411.



64-1066 Mamalahoa Highway  
Kamuela, Hawaii, 96743

T 808-887-1717  
F 808-885-0653  
BigIslandBrewHaus@Yahoo.Com

[BigIslandBrewHaus.Com](http://BigIslandBrewHaus.Com)

February 1, 2018

House Committee on Economic Development & Business  
Wednesday, February 2<sup>nd</sup>, 2018, 8:45am  
State Capitol, Conference Room 309

HB 2411 Relating to Intoxicating Liquor  
House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and House members of the Committee on Economic Development and Business

Position: **Support**

Big Island Brewhaus was founded initially in 2008 with 9 original employees as a community gathering place serving local cuisine and hand-crafted beers. We have grown into a team of 40 Big Island residents that sells award winning beers throughout Hawaii and is focused on using local sources for our food and beer. We have done this in the face of significant challenges to growth at all levels; financial, shipping, taxation, legislative and more. Changes like this bill can help us continue our success and help others to do the same. We appreciate the ongoing support of all individuals and legislators who support issues which enable local manufacturers and businesses to thrive in Hawaii.

#### **Growler containers**

Current statute is confusing with growlers described as half gallon and as one gallon. Big Island Brewhaus supports standardizing and simplifying the definition of growler to mean a container of up to one gallon. Initially growlers were made from glass. As their popularity has increased, growlers are now made from a wider range of environmentally friendly reusable or recyclable materials. We support terminology that reflects this change in container materials, defining growler as a recyclable or reusable container.

#### **Location other than primary manufacturing premises**

Hawaii's craft breweries are increasing in number with the addition of new start up brewery businesses and expansion of existing businesses. Breweries may have an initial or primary manufacturing premises and expand with a new establishment, sometimes in a second county. The "second location" clause is meant to address inconsistencies where the second location may not be a production facility, to allow activities such as dispensing and retail sales under the same trade name without requiring another production license. Often a small brewery can

produce enough beer to support two dispensing and retailing locations thus allowing the small brewer to utilize some efficiency as an economy of scale. Original investments in even small production facilities can be enormous and multiple income streams from the economy of scale can help support small local manufacturers. A brewpub or small craft producer license holder may have no intention of manufacturing at the second location, but still have the desire to carry out dispensing and retail sales of their products at their second establishment. This would, by default, not require the same class of license (14, 18) but rather a restaurant or retailer class license as no production would occur on site. We support HB 2411 which seeks to address and clarify inconsistencies and expands retail and dispense operations of local craft brewers.

### **Direct shipment of liquor by producers**

HB2411 proposes to expand HRS 281-33.6 direct shipping rules to allow reciprocity for not just wine, but also to include beer and spirits. Direct shipment of wine is already allowed. Expanding the statute to allow defined amounts of beer, spirits and wine under the term liquor achieves parity across all three categories of beverage alcohol.

Breweries that are just starting out and smaller sized craft breweries don't usually have access to distributors that will export their beer in or out of State. HB 2411 is proactive in providing an opportunity for Hawaii's craft beer businesses to offer products through direct sales to new markets and a wider customer base. These are breweries that often cannot find wholesaler partners yet deserve access to market.

Direct shipping increases the viability of small craft breweries by allowing export of our products manufactured in Hawaii to our current brewery fans and potential new customers. We support HB 2411 that fosters expanded marketplace options for Hawaii's beverage alcohol manufacturers.

Hawaiian manufacturing and producers operate under the highest cost conditions of any State. This has served to limit the availability of true, locally produced selections and give rise to a host of "faux-Hawaiian" products. As an isolated State we must invest in local manufacturing, these are jobs with good wages and benefits that can provide careers for our residents. Further if Hawaii is to continue to compete in the world of tourism it is important for us to deliver an authentic Hawaiian experience in our products; this bill helps us to continue on our path of recent growth and success.

Mahalo for your consideration, We urge you pass this bill. Thank-you for the opportunity to provide testimony in support of HB 2411.

Sincerely,

**Thomas D. Kerns**

Thomas Kerns

Founder & Brewer

Big Island Brewhaus

64-1066 Mamalahoa Highway

Kamuela, HI, 96743

[BigIslandBrewhaus@yahoo.com](mailto:BigIslandBrewhaus@yahoo.com)

Cell# 808-276-3301



**WAIKIKI BREWING COMPANY**

Joe P. Lorenzen, Partner/Brewmaster  
831 Queen St.  
Honolulu, HI 96813  
808-591-0387  
[brewmaster@waikikibrewing.com](mailto:brewmaster@waikikibrewing.com)

Regarding HB 2411 Relating to Intoxicating Liquor

House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. in Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and members of the Committee on Economic Development and Business

Position: **Support**

My name is Joe Lorenzen. I live in Honolulu, on the island of Oahu, and I am a partner in and Brewmaster of Waikiki Brewing Company with business locations in Waikiki and in Kaka'ako.

We support HB 2411 for the following reasons:

The second location clause allows for us to increase our business (and therefore increase jobs and tax revenues) by allowing us to perform the same business operations at multiple licensed premises including other counties. This bill supports local manufacturing by allowing Hawaiian craft breweries more opportunities to get their product into the marketplace.

The clause that creates consistency in the definition of growlers allows for clarity for both retailers and consumers. Growlers are popular with consumers due to the sustainability of filling a re-usable container with beer. This law would help to add consistency to the definition of a growler while also allowing for new types of re-usable containers to be used, which further encourages sustainability by promoting re-usable containers as opposed to disposable.

The direct shipping clause allows new markets for Hawaiian craft brewers. While wine producers already enjoy the ability to ship their products direct to consumers, brewers and spirit producers do not. This bill allows for parity across all three categories of beverage alcohol, with producers able to increase revenues and manufacturing jobs in Hawaii by selling their products to fans in other states.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2411.

Sincerely,

Joe P. Lorenzen



Cindy Goldstein  
Executive Director  
Hawaiian Craft Brewers Guild  
98-814 C Kaonohi Street  
Aiea, HI 96701

HB 2411 Relating to Intoxicating Liquor  
House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and House members of the Committee on Economic Development and Business

Position: **Support**

The Hawaiian Craft Brewers Guild is a non-profit Hawaii trade organization that seeks to promote production of independent craft beer in Hawaii. The number of independent craft breweries in Hawaii continues to grow, and several breweries have recently, or are in the process of expanding. The Hawaiian Craft Brewers Guild is united in our pursuit to promote economic activity for Hawaii's beer manufacturers and enhance opportunities in our communities. Our members represent the majority of the craft beer producers in Hawaii, with members producing 100% of their beer in Hawaii.

HB2411 includes three subject areas under HRS Section 281 addressing inconsistencies and increasing uniformity in laws regarding liquor manufacturing and sales.

### **Growler containers**

Current statute is confusing with growlers described as half gallon and as one gallon. The Hawaiian Craft Brewers Guild supports standardizing and simplifying the definition of growler to mean a container of up to one gallon. Initially growlers were made from glass. As their popularity has increased, growlers are now made from a wider range of environmentally friendly reusable or recyclable materials. We support terminology that reflects this change in container materials, defining growler as a recyclable or reusable container.

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Direct shipping increases the viability of small craft breweries by allowing export of our products manufactured in Hawaii to our current brewery fans and potential new customers. We support HB2411 that fosters expanded marketplace options for Hawaii's beverage alcohol manufacturers.

The Hawaiian Craft Brewers Guild appreciates consideration of HB2411 and we urge you to pass this bill. Thank you for the opportunity to provide testimony in support of HB2411.



## **Kauai Beer Company**

## **Logo**

James Guerber

4265 Rice Street

Lihue, HI 96766

808 639 7821

Jim@kauaibeer.com

### **HB 2411 Relating to Intoxicating Liquor**

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Friday, Feb 2, 2018 at 8:45 a.m. in Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and members of the Committee on Economic Development and Business

### **Position: Support**

My name is Jim Guerber and I am the President of the Kauai Beer Company, located in downtown Lihue, Kauai on Rice Street. We have been in business here since 2006 and began formally serving beer in September 2013. We have been instrumental in the effort to revitalize our downtown and are widely recognized for our contribution in that regard. We are in the process of renovating an adjacent space, which will dramatically enhance our ability to serve a larger customer base, increase production and increase our personnel, which is presently 34 full and part-time personnel.

The Kauai Beer Company supports HB 2411 because it addresses inconsistencies and increases uniformity in laws regarding liquor manufacturing and sales, relating to the second location clause and the growler law. Additionally, passage of this bill will expand the current direct shipping laws to include Hawaii's breweries and distillers.

The following offers more details on the aforementioned three items:

#### **Second location clause**

Provides more consistency and uniformity for craft beer establishments across the state. Breweries start up with a manufacturing location and when they expand to a second location, will want to sell their retail products at the new establishment, including the ability to sell at a second location under the same trade name in another county.

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Sincerely,

Jim Guerber  
President  
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February 1, 2018

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Friday, February 2<sup>nd</sup>, 2018, 8:45am  
State Capitol, Conference Room 309

Re: HB2411, RELATING TO INTOXICATING LIQUOR, SUPPORTING TESTIMONY

Aloha Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

I'm writing on behalf of our local family-owned and operated business, Kauai Island Brewing Co. in support of **HB2411** which clarifies various items in current liquor laws; namely the second location clause, and the growler law. Additionally, passage of this bill will expand the current direct shipping laws to include Hawaii's breweries and distilleries.

Why are the clarifications necessary?

### **Second Location Clause**

Currently HRS 281 allows for Class 14 and 18 licensees to operate another location within the State so long as its properly licensed. This is to encourage and allow a producer to manufacture at one central plant and sell their products thru other owned establishments. It doesn't make sense to have multiple manufacturing sites so this clause was added in order to promote local manufacturing. The current County system presents a challenge as the language in 281 can be misconstrued. A clarification is necessary to ensure that a business manufacturing on one island, can sell its products on another island under the proper license.

### **Location other than primary manufacturing premises**

Hawaii's craft breweries are increasing in number with the addition of new start up brewery businesses and expansion of existing businesses. Breweries may have an initial or primary manufacturing premises and expand with a new establishment, sometimes in a second county. The "second location" clause is meant to address inconsistencies where the second location may not be a production facility, to allow activities such as retail sales under the same trade name without requiring another license. A brewery business may have no intention of manufacturing at the second location, but still have the desire to carry out retail sales of their products at their second establishment. **This would be default not require the same class of license (14, 18) but rather a restaurant or retailer class license as no production would occur on site.** We support HB2411 which seeks to address and clarify inconsistencies.

### **Growler Clarification**

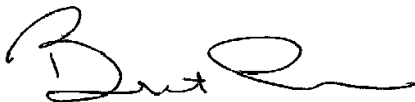
Current law is confusing as to the size that a growler can be sold in. In one place it specifies growler as up to “one-half gallon” but in next paragraph referring to recyclable containers states “one gallon”. The original law was written when only glass growlers were available. Due to the growth of craft beer across the United States vendors now offer options in aluminum, stainless, plastic, ceramic and etc. We’re proposing a simplification of 2 paragraphs into one where a growler be defined as a recyclable container up to one gallon in size.

### **Direct Shipping**

Hawaii has specific Direct Shipping laws allowing the direct shipping of wine by wineries. This means a winery can send direct to consumer in Hawaii or outside the State. The system exists to allow reciprocity; in short if Hawaii want to allow shipping to other States, Hawaii must allow those States to ship to consumers here. Taxes must be paid, licenses issued, proper shipping rules ensuring proper age of recipient and etc. We are seeking the change in these rules to allow the same rights afforded to Wineries be conferred to Hawaii’s breweries and distilleries as we manufacture locally and wish to export our products directly. The majority of smaller breweries do not have access to distribution as they are often too small to attract a wholesaler partner. We feel that it is imperative to their survival that access be given to retail to consumers around the world. This serves to increase the viability of a small craft brewery and to increase Hawaiian exports bringing attention to the growing brewing scene in Hawai’i. In order to accomplish this we feel that HRS 281-33.6 can expand upon its direct shipping rules to allow reciprocity for not just wine but beer and spirits as well. This would also achieve fairness and parity across the three categories of beverage alcohol.

Thank you for the opportunity to offer these comments.

Sincerely,



Bret Larson  
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February 1, 2018

House Committee on Economic Development & Business  
Wednesday, February 2<sup>nd</sup>, 2018, 8:45am  
State Capitol, Conference Room 309

HB 2411 Relating to Intoxicating Liquor  
House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and House members of the Committee on Economic Development and Business

Position: **Support**

REAL a gastropub was founded initially in 2012 with 18 original employees as a community gathering place serving local cuisine and hand-crafted beers. We are relocating, rebuilding our flagship and incorporating a 7BBL brewery named Bent Tail Brewing Company into our new location at Keauhou Lane in Kakaako. We will be able to grow into a team of 40 Honolulu residents that sells award winning beers throughout Oahu and with a focus on using local sources for our food as we have since our opening and now add this principal to our beer. We have done this in the face of significant challenges to growth at all levels; financial, shipping, taxation, legislative and more. Changes like this bill can help us continue our success and help others to do the same. We appreciate the on-going support of all individuals and legislators who support issues which enable local manufacturers and businesses to thrive in Hawaii.

### **Growler containers**

Current statute is confusing with growlers described as half gallon and as one gallon. REAL a gastropub / Bent Tail Brewing Company supports standardizing and simplifying the definition of growler to mean a container of up to one gallon. Initially growlers were made from glass. As their popularity has increased, growlers are now made from a wider range of environmentally friendly reusable or recyclable materials. We support terminology that reflects this change in container materials, defining growler as a recyclable or reusable container.

### **Location other than primary manufacturing premises**

Hawaii's craft breweries are increasing in number with the addition of new start up brewery businesses and expansion of existing businesses. Breweries may have an initial or primary manufacturing premises and expand with a new establishment, sometimes in a second county. The "second location" clause is meant to address inconsistencies where the second location may not be a production facility, to allow activities such as dispensing and retail sales under the

same trade name without requiring another production license. Often a small brewery can produce enough beer to support two dispensing and retailing locations thus allowing the small brewer to utilize some efficiency as an economy of scale. Original investments in even small production facilities can be enormous and multiple income streams from the economy of scale can help support small local manufacturers. A brewpub or small craft producer license holder may have no intention of manufacturing at the second location, but still have the desire to carry out dispensing and retail sales of their products at their second establishment. This would, by default, not require the same class of license (14, 18) but rather a restaurant or retailer class license as no production would occur on site. We support HB 2411 which seeks to address and clarify inconsistencies and expands retail and dispense operations of local craft brewers.

### **Direct shipment of liquor by producers**

HB2411 proposes to expand HRS 281-33.6 direct shipping rules to allow reciprocity for not just wine, but also to include beer and spirits. Direct shipment of wine is already allowed. Expanding the statute to allow defined amounts of beer, spirits and wine under the term liquor achieves parity across all three categories of beverage alcohol.

Breweries that are just starting out and smaller sized craft breweries don't usually have access to distributors that will export their beer in or out of State. HB 2411 is proactive in providing an opportunity for Hawaii's craft beer businesses to offer products through direct sales to new markets and a wider customer base. These are breweries that often cannot find wholesaler partners yet deserve access to market.

Direct shipping increases the viability of small craft breweries by allowing export of our products manufactured in Hawaii to our current brewery fans and potential new customers. We support HB 2411 that fosters expanded marketplace options for Hawaii's beverage alcohol manufacturers.

Hawaiian manufacturing and producers operate under the highest cost conditions of any State. This has served to limit the availability of true, locally produced selections and give rise to a host of "faux-Hawaiian" products. As an isolated State we must invest in local manufacturing, these are jobs with good wages and benefits that can provide careers for our residents. Further if Hawaii is to continue to compete in the world of tourism it is important for us to deliver an authentic Hawaiian experience in our products; this bill helps us to continue on our path of recent growth and success.

Mahalo for your consideration, We urge you pass this bill. Thank-you for the opportunity to provide testimony in support of HB 2411.

Sincerely,

*Troy Terorotua*

Troy Terorotua  
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www.lanikaibrewing.com

1/31/2018

RE: HB 2411 Relating to intoxicating liquor.

Aloha Chair Evans as well as all members of the EDB committee,

Lanikai Brewing Company is a locally owned and operated Craft Brewery here on Oahu and we are in support of HB2411.

We are supportive of the Second location Clause as this will allow manufacturers like ourselves to open more locations across the state while keeping a single manufacturing facility. As the costs and process of creating a licensed manufacturing facility are high, it is logical that we can grow our manufacturing facilities larger to become more cost efficient and produce more products. While a process exists to allow us to create other manufacturing facilities on other islands, its cost prohibitive and negatively stunts growth to have multiple breweries all within the same distribution region. We are supportive that we can brew on one island and be properly permitted on any other license class on another island in a more clear and seamless manner. We request that the second locations be available under the same Brand but are not required to be the same license type.

We are supportive of the Growler Clarification as the current law is slightly confusing with flip-flopping between package sizing. This clarification allows more modern container packages also that did not exist previously. By making it a simple clarification of Up to 1 gallon, and a recyclable container it eliminates the ambiguity.

We are supportive of Direct Shipping as this will create parity among wine, spirits and beer. Reciprocity exists where to ship beer, wine or spirits to another State, Hawaii would allow beer, wine or spirits to be shipped in (includes new tax revenue, new licenses, as well as protective provisions for age verification). My company is a great example. We currently are working to export our 100% Hawaii made beer to the Mainland and beyond. However, due to Hawaii's imbalance between importing and exporting, there are no "less than container" loads for cold shipping. Therefore, for us to be able to open new markets, it requires us to sell 10-20 Pallets of product (Hundreds of thousands in value) and ship it to the new location. This is a giant financial risk as it does not allow us to methodically test new market and grow into them in a more fiscally responsible manner.



By Direct Shipping, we could prove to distributors that the market place is prepared for our products with concrete data to de-risk the opportunity for us as well as our future partners all while still growing jobs in Hawaii and expanding our distribution.

Thank you for the opportunity to send testimony. This bill will absolutely create new jobs here in Hawaii, strengthen our Made in Hawaii brand value for locals and visitors, as well as allow the industry to flourish and expand. Further, due to the costs of manufacturing here locally, this would allow us small business owners to be more competitive on the national scale furthering growth of jobs here in Hawaii.

Lanikai Brewing Company is an Island Inspired® authentic Hawaiian craft beer company making 100% of our brews here in Hawaii. We take our cues from premium, local, rare, and exotic ingredients grown by local farmers and foraged across the Pacific to bring you bold and flavorful beers that you will find nowhere else utilizing Hawaiian terroir. \*\*Please note that variances in growing season conditions can impact batch-to-batch flavor and aroma profiles.

‘Ōkole Maluna,

*Steven R Haumschild*

Steve Haumschild, MBA  
CEO & Brewmaster  
Certified Cicerone®  
Lanikai Brewing Company, Island Inspired™ Craft Beer

**HB-2411**

Submitted on: 2/1/2018 11:22:43 AM

Testimony for EDB on 2/2/2018 8:45:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joshua	Maui Brewing Company	Support	Yes

Comments:

I , Joshua Guidi, am a Department Head with Maui Brewing Company on the island of Oahu. We here at Maui Brewing Company are leading the forefront on Craft Brewing and sustainability, as well contributing back to our local communities. I have been with the company for a fairly short period of time, two years, and can testify that in that very short period of time that this company goes over and beyond to due its due diligence to keep it integrity and highest quality product to our guests and supporters.

In the near future, our Brewery plans on being fully solar polared and introducing a one of kind CO2 capturing process, which will recycle deadly gases back into the brewery process rather than the atmosphere. We sponsor local oraganiztion fundraisers and plan on opening 3 more local operations which will give back over 500 jobs to our local communities. We are also looking for viable plastic recycling materials to make our retail clothing out of. We need all the help we can get to give back to our communities. Please vote to support us in our endeavors.

I will be willing to get up in person and testify.

Aloha,

Joshua Guidi

## **Homebrew in Paradise**

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bill@homebrewinparadise.com



### **HB 2411 Relating to Intoxicating Liquor**

House Committee on EDB: Economic Development and Business  
Friday, Feb 2, 2018 at 8:45 a.m. in Conference Room 309

Chair Cindy Evans, Vice Chair Jarrett Keohokalole, and members of the Committee on Economic Development and Business

### **Position: Support**

My name is Bill Sumrow, I live in Honolulu, HI and I am the owner of Homebrew in Paradise, Oahu's only Homebrewing Supply Store, and a Founding Partner in Broken Boundary Brewery, LLC., a brewery in planning in the Kalihi Neighborhood of Honolulu, HI. Our brewery is planned to open in Q3/Q4 of 2018 with 6 employees.

I support HB2411 which addresses inconsistencies and increases uniformity in laws regarding liquor manufacturing and sales.

### **Second location clause**

Provides more consistency and uniformity for craft beer establishments across the state. Breweries start up with a manufacturing location and when they expand to a second location, will want to sell their retail products at the new establishment, including the ability to sell at a second location under the same trade name in another county.

This bill promotes local manufacturing. Hawaii's craft breweries have more opportunities to get their products in the marketplace with this bill because it enables the retail sale of craft brewing products at a second properly licensed location, including when the primary manufacturing and second location are not in the same county.

### **Consistency in the Growler law**

Growlers, crowlers, and other types of reusable and recyclable containers are very popular with our customers. Sales of our craft beer products in these containers continue to increase. We support the use of environmentally friendly container materials and expansion of the term growler to recyclable or reusable container.

The definition of growler is currently inconsistent for our business and our customers. We support using growler to mean a container not to exceed one gallon.

### **Direct Shipping**

Breweries that are just starting out and smaller sized craft breweries don't usually have access to distributors that will export their beer out of state. This bill is proactive in providing an opportunity for direct shipping to new markets and a wider customer base.

Direct shipping increases the viability of small craft breweries by allowing export of our products to our current brewery fans and potential new customers.

Direct shipment of wine is already allowed. Expanding the statute to allow defined amounts of beer, spirits and wine under the term liquor achieves parity across all three categories of beverage alcohol, expanding marketplace options for Hawaii's beverage alcohol manufacturers.

Mahalo for your consideration. We urge you to pass this bill.

Thank you for the opportunity to provide testimony in support of HB 2411.