

HB-2522

Submitted on: 2/8/2024 6:44:00 AM

Testimony for JHA on 2/9/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Garrett W. Marrero	Craft Ohana	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair and Members of the committee. We support this legislation as it aims to amend HRS 281 to incorporate new styles of beverages being produced in the modern age and assign appropriate definitions to these beverages. "Beer" as defined federally can be made from a wide array of fermentable ingredients. This serves to also support the use of these alternatives to brew gluten free beverages to meet the needs of those affected by Celiac disease as well as those wishing to lead a low gluten lifestyle.

Mahalo

HB-2522

Submitted on: 2/8/2024 12:04:56 PM

Testimony for JHA on 2/9/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Steve Haumschild	Lanikai Brewing Company LLC DBA Lanikai Spirits	Support	Written Testimony Only

Comments:

Aloha Members of JHA,

I am supportive of this bill to modernize language consistent with federal guidelines.

It is unclear if this is distinctly related to only Class 14, but it should include all license classes of Class 1, 14 and 18

Joshua Kopp
Hana Koa Brewing Co.
962 Kawaiaho St.
Honolulu, HI 96814

HB2522 Relating to Intoxicating Liquor: Definition of Beer
JHA

2/8/ 2024 at 2:00 P.M. Conference Room 325

Position: **Support**

I am Joshua Kopp, Head Brewer and Owner of Hana Koa Brewing Co. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other breweries in the state of Hawaii in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

Our brewery along with the other breweries operating in the State of Hawaii embrace the responsible consumption of alcohol.

Updating Definition of Beer

Hana Koa Brewing Co. is dedicated to producing new and innovative products on a consistent rotation. One of the fastest growing sectors in the beverage industry is hard seltzer. Commercial examples not local to Hawaii include White Claw and Truly. Gluten free and non-alcoholic beers are also a growing segment in the beverage industry. At the moment, the class 14 license recognizes that producers can create "malt-based" alcoholic beverages. This change in definition would allow licensees carrying a class 14 license to produce a wider array of sugar based beverages under the category beer.

The current HRS 281-1 definition of beer is a historic definition that includes traditional basic ingredients used in earlier years of beer manufacturing throughout the US. The definition does not reflect the advent of the craft beer manufacturing sector. Hawaii's definition is not the same as the federal definition which also includes a broader range of substitutes or additions to malted barley and fermentable sugars. Craft beer brewers across the US use an expanded variety of additional ingredients in their recipes including other types of grains as base ingredients and other fermentable sugars such as molasses.

Inflation has severely challenged the economic viability of craft beer producers across the State of Hawaii. Passing this bill now is especially crucial as Hawaii craft beer manufacturers find ways to be proactive to stay in business and recover from inflation related revenue losses. Updating the definition of beer to better reflect the expansion of craft brewing ingredients and styles, and alcohol seltzers helps address current economic hardship and promotes opportunities for expanded craft brewery production in Hawaii.

The additional flexibility to add and substitute grains and fermentable sugars can help increase revenue and improve the bottom line for craft breweries at a time when these businesses are struggling to remain open due to the impacts of inflation. Small brewery businesses typically derive a higher percent of their overall revenue from sales of a range of unique beer styles at their brewpubs and tap rooms compared to other alcohol manufacturers. The bill to update the definition of beer can provide economic relief for Hawaii's craft beer manufacturers as they continue to diversify the brewing ingredients they use and types of beer they produce.

Additional beer excise tax revenue and gallonage taxes may result over time for the State of Hawaii from increased craft beer and hard seltzer production and sales by Hawaii's

manufacturers. Updating the definition of beer presents opportunities for Hawaii's craft beer manufacturers to increase their production and sales to meet the demand for new beer styles with a wider range of additional grains, base ingredients, and sugars, potentially adding alcohol tax revenue for the State of Hawaii.

The current limited definition of beer in HRS 281-1 does not adequately represent the unique aspects of craft beer ingredients that allow brewers to develop new products and new offerings such as gluten free beer and beer with other alternative grain ingredients used by brewers across the US. This legislation better aligns the terminology used to define beer to more closely follow the definition used for beer under the Internal Revenue Code of 1986 (IRC) and federal TTB regulations.

A broader definition of beer will foster the creation of new and unique styles that are well suited for the inclusion of agricultural products grown in Hawaii. A modified definition of beer inspires beer and alcohol seltzer producers to incorporate additional Hawaii grown fruits, herbs, coffee, cacao, and other locally sourced agricultural ingredients to create value added products that support Hawaii's farmers and agriculture.

Mahalo for considering our testimony in support of HB2522.

HB-2522

Submitted on: 2/8/2024 7:44:56 PM

Testimony for JHA on 2/9/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Kidd	Individual	Support	Written Testimony Only

Comments:

I support this measure