



February 1, 2021

House Committee on Economic Development  
HB263 Relating to Intoxicating Liquor; Direct To Consumer (DTC) Shipping  
Wed, February 3<sup>rd</sup>, 2021 at 9:30am, Conference Room 312

Re: **IN SUPPORT OF HB263**

Aloha Chair Representative Quinlan, Vice Chair Representative Holt, and members of the Committee,

My name is Garrett W. Marrero, I live in Kihei, HI. Maui Brewing Co. has locations on Maui in Lahaina and Kihei, and on Oahu in Waikiki and Kailua. We distribute across the Hawaii, 23 other States, and 13 countries. We began in 2005 with 26 team members and have added more than 700 to our team pre-COVID of course. I was selected as the National Small Business-Person of the year in 2017 for my work at Maui Brewing Co.

I am writing on behalf of myself and our local family-operated business in support of **HB263** which will expand the current direct shipping laws to include Hawaii's breweries and distilleries.

We appreciate the Legislature considering this bill as it has been widely supported in the past. Admittedly there had been light opposition from wholesalers but frankly their arguments in the past have been unfounded and I would dismiss these as "protectionist tactics". I add that we fully support the three-tier system so long as it is indeed fair, however this has not proven to be the case universally. We are simply looking to achieve fair and equitable direct shipping privileges and have equal footing, as it relates to shipping, as wine. There is no valid reason, especially now in light of COVID, to restrict one beverage over another. Our State economy needs rebuilding and while we do not have many visitors, Hawaii's breweries and distilleries should be afforded the right to export their beverages to anyone across the United States.

Hawaii already has Direct Shipping laws allowing the direct shipping of wine by wineries. The system exists to allow reciprocity; eg allow wine in, allow wine out. Taxes must be paid, licenses issued, proper shipping rules ensuring proper age of recipient and etc. 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. The local wineries and distilleries support this amendment.

Additionally there is already a full system outlined in HRS, DOTAX and the various County Liquor Department rules for shipping wine and therefore would be simple to add the other beverages to this system. I would encourage Hawai'i to promote this system as it directly promotes real

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

Hawaiian products and grants access to the world markets while also creating an increased revenue stream for the State.

Thank you for the opportunity to offer these comments in support of the passage of **HB263**, a commonsense bill that supports the burgeoning craft beverage industry in Hawai'i.

Sincerely,

A handwritten signature in black ink, appearing to read 'Garrett W. Marrero', with a long, sweeping flourish extending to the right.

Garrett W. Marrero  
CEO/Founder



Lanikai Brewing Company  
175 Hamakua Drive, Unit C  
Kailua, Hawaii 96734  
www.lanikaibrewing.com

Steve Haumschild  
CEO

HB263 Relating to Economic Development: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

I am Steve Haumschild, CEO and founder of Lanikai Brewing Company located in Kailua Hawaii, with a second location being built in Haleiwa Hawaii. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

I am a board member of the HCBG. Our brewery along with the other member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

Direct to consumer shipping is critical to breweries being able to survive the backlash of the pandemic. With greatly reduced sales on site due to Covid 19, our ability to generate revenue in a safe, socially distanced manner consistent with laws will be the key to survival for our brewery, therefore supporting local jobs. Our ability to ship within the State of Hawaii but ALSO to mainland locations allows us to explore expanded distribution and ultimately increase sales. Further, increased production equals increased sales and therefore increased total taxes.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

We request the House Committee on Economic Development pass this bill. Mahalo for considering our testimony in support of HB263.

Steve Haumschild



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

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt, and members of the Committee on Economic Development,

The Hawaiian Craft Brewers Guild is a nonprofit trade organization representing the interests of small craft breweries across the State of Hawaii. Our members are independent craft breweries producing 100% of their beer in Hawaii. The Hawaiian Craft Brewers Guild represents 18 small craft brewery businesses from across the state, almost all of the craft beer producers in Hawaii. Our members are united in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

The Hawaiian Craft Brewers Guild and our member breweries embrace the responsible consumption of alcohol.

#### Direct to consumer shipping

Craft beer manufacturers across the State of Hawaii have suffered economic challenges throughout the COVID-19 pandemic with reduced sales and income. Our Hawaiian Craft Brewers Guild members are seeking ways to improve their financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. Wholesalers show little interest in expanding distribution opportunities for small craft breweries, especially for markets outside of the State of Hawaii. While wholesalers offer distribution for their large customers, smaller craft brewery brands often find it difficult to find a wholesaler that will work with them to secure shelf space in this highly competitive market. Wholesalers may not adequately represent the unique aspects of craft beer and alcohol made in Hawaii. Enacting this legislation would have significant beneficial impact for small independent craft breweries across Hawaii.

The State of Hawaii stands to gain additional tax revenue from this legislation. Direct to consumer shipping offers opportunities for Hawaii's craft beer manufacturers to increase their production to meet the demand for increased sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii. Reciprocity created

through this legislation facilitates market expansion into other states for Hawaii manufacturers. The reciprocity offered by direct shipping provides tax revenue to the State of Hawaii, with payment by beer and other liquor producers for product they may ship directly to our state.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. It should not be a challenge or difficult for county liquor commissions to adopt rules and regulations set forth in this proposed legislation. Existing statute and liquor shipper permitting for wine for direct to consumer shipping offers a structure for permitting. Reciprocity with other states and out shipment created through this legislation facilitates market expansion for Hawaii producers. Adding language to existing statute benefits Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet current needs of Hawaii's craft beer and other liquor manufacturers struggling through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of these businesses.

We request the House Committee on Economic Development pass this bill. Mahalo for considering our Hawaiian Craft Brewers Guild testimony in support of HB263.

Joshua Kopp  
Hana Koa Brewing Co.  
962 Kawaiahao Street  
Honolulu, HI 96814

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

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 members of the Hawaiian Craft Brewers Guild 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 member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

Direct to consumer shipping

This bill would allow us to pivot considering the challenges of operating during Covid-19. When the pandemic started, we borrowed money in order to purchase a canning line so we could more effectively sell product during the shutdown. This canning line has allowed us to stay afloat by selling to retail establishments and directly to customers through our taproom.

Currently we do not have a distributor as we are a small brewery. Having the ability to ship product to direct to customers inter island and to consumers in states that allow such a transaction would be a game changer. This could be a huge benefactor for the state's tax revenue.

This does a number of things for the state. On top of the increased tax revenue from sales, it also builds exposure for Hawaii's brewery tourism sector. Cities like Denver, Portland, and San Diego already have brewery tourism as a key focus in their tourism industry. By having the ability to send beer to mainland and interisland consumers, we would build this tourism sector through exposure. This would lead to flights, hotels, and other tourist activities being booked by consumers interested in brewery tourism.

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB263.



Greg Lang, Chairman, Mary Anderson, President  
910 Honoapiilani Hwy #55  
Lahaina, HI 96761

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

Our name is Greg Lang and Mary Anderson, respectively Chairman and President of Kohola brewery in Lahaina. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild 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 member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

#### Direct to consumer shipping

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. Our tap room was ~60% of our revenue and has been shut down for months during 2020. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

Shipping directly to consumers allows us to serve our customers in the state of Hawaii, like other mail order business (which have exploded during the pandemic). More importantly, it gives us the opportunity to serve the mainland which has tremendous opportunity for growth in revenue. Not to mention, added tax revenue for Hawaii and employment for Hawaiian residents. We get repeated requests every week to ship to the mainland. This is a perfect example of supporting local business to grow their national footprint, rather than throttle it. There is no reason to leave this business to Amazon, Wine.com and every other online reseller, simply because we can't pass the needed legislation.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. Today, we are \$1M/yr local craft beer producer. We have very limited mainland distribution options. However, direct shipments would allow us to expand our business and keep the production local. The craft beer we produce



includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

The State of Hawaii stands to gain additional tax revenue from this legislation. Direct to consumer shipping offers opportunities for our brewery to increase production to meet the demand for increased sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB263.

Sincerely,  
Greg Lang, Chairman Koholā Brewery  
Mary Anderson, President Koholā Brewery



Geoffrey Seideman  
Owner/ Honolulu Beerworks

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

Aloha my name is Geoffrey Seideman and I am the Owner and Brewer of Honolulu Beerworks. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

I am a board member of the HCBG. Our brewery along with the other member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

**Direct to consumer shipping**

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

We receive calls and emails on a daily basis inquiring where and how people can get some of our beer shipped to the mainland. This is a huge business opportunity to not only send our beers to the mainland but to showcase what is being produced in Hawaii.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. The craft beer we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

The State of Hawaii stands to gain additional tax revenue from this legislation. Direct to consumer shipping offers opportunities for our brewery to increase production to meet the

demand for increased sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic Development pass this bill. Mahalo for considering our testimony in support of HB263.

Aloha



Benjamin Kopf  
Owner, Mahalo Aleworks  
30 Kupaoa St. #101  
Makawao, HI 96768

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

My name is Ben Kopf and I am the owner of Mahalo Aleworks, a new craft brewery located upcountry Maui. We are an independent craft brewery that has built a brand new brewery and taproom from the ground up, and are set to open in the next couple months. We will be producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild 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 member breweries of the Hawaiian Craft Brewers Guild, embrace the responsible consumption of alcohol.

#### Direct to consumer shipping

We have been in full-time planning, permitting and construction of our brewery and taproom located upcountry Maui for over two and a half years, and are finally only a couple months from opening. We have suffered this past year through delay after delay due to COVID logistics and manufacturing issues and now after all of this, due to the COVID-19 restrictions that are in place on in-person establishments we do not even know what "open" is going to look like for us when we do finally get to open. As such, it is critical that we have every possible opportunity to sell our 100% made in Hawaii and 100% solar-powered beer.

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, which for us have manifested themselves through much longer construction times due to building material shortages and equipment manufacturing delays as previously mentioned. This has severely strained our finances as we have been pushed back from opening by nearly half a year from our original projected open date (which had already taken Hawaii time and logistics into consideration).

We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands. This is even more important in this current climate

of uncertainty caused by COVID. We are a 100% direct to consumer taproom brewery and our entire income relies on people coming into the taproom to purchase beer. As such, the ability to direct ship would at least help to alleviate the constraints placed on us by reduced capacity limits and reduced tourism etc.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. We are such a small volume of production that we have limited opportunity to have our product represented on any shelves other than our own. The craft beer we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

The State of Hawaii stands to gain additional tax revenue from this legislation. Direct to consumer shipping offers opportunities for our brewery to increase production to meet the demand for increased sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB263.

**HB-263**

Submitted on: 2/1/2021 9:23:37 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Joe P. Lorenzen	Waikiki Brewing Company	Support	No

Comments:

**WAIKIKI BREWING COMPANY**

Joe P. Lorenzen, Partner/Brewmaster

831 Queen St.

Honolulu, HI 96813

808-591-0387

[brewmaster@waikikibrewing.com](mailto:brewmaster@waikikibrewing.com)

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor

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, Kaka'ako, and on Front Street in Lahaina, on Maui. Our brewery began with 15 employees in 2015, and now employs over 60 people.

We are strongly in support of HB263.

The wine industry in Hawaii already enjoys the ability to ship direct to consumers and we see no reason why other alcoholic beverage producers in Hawaii should not be afforded the same opportunity to reach customers and grow our sales.

Our industry is one of the only industries to grow manufacturing jobs in Hawaii in recent years, and we have been severely impacted by Covid-19 shutdowns and restrictions. Closures of restaurants, bars, and clubs (some permanently) have eliminated avenues for us to distribute our products, and there are many people who still feel safer at home or may have underlying conditions and do not want to visit the store or our breweries. This bill would allow us to reach those customers and attempt to maintain our businesses in these trying times.

This bill would also provide an opportunity to reach mainland customers for those of us who do not have distribution to the mainland. For many smaller brewers, there is not enough production or economies of scale to distribute to the mainland. This bill would allow us to still be able to reach those cans of ours that do want to support us in their remote locations.

Thank you for the opportunity to provide testimony in support of HB263.

Sincerely,

Joe P. Lorenzen

Kauai Beer Company  
Justin Guerber  
Head Brewer  
4265 Rice St  
Lihue, HI 96766  
[justin@kauaibeer.com](mailto:justin@kauaibeer.com)



HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

My name is Justin Guerber and I am the Head Brewer of Kauai Beer Company. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild 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 member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

Direct to consumer shipping

We at the Kauai Beer Company have just started to do limited bottling as an avenue to generate some of the lost revenue due to COVID-19. Thus far it has been popular, and we have generated a lot of interest online through social media and word of mouth. We are getting many requests to ship our beer both to outer islands, and out of state. As a small brewery, finding distribution off Kauai is difficult, and at least for us, does not make financial sense.

Shipping directly to customers would be immensely helpful in bringing our production levels and revenue back to sustainable levels. Expanding our market and reach also promotes Hawaii brands inside the state, as well as on the mainland. As our brewpub is limited in seating now due to COVID-19 restrictions, any additional products that we can sell off-premises helps.

I also feel confident that were we able to ship directly, we could hire at least 2 additional employees right away as packaging bottles will require more labor that we currently do not have.



## Background

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. The craft beer we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

The State of Hawaii stands to gain additional tax revenue from this legislation. Direct to consumer shipping offers opportunities for our brewery to increase production to meet the demand for increased sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB263.

## **Kauai Beer Company**

James Guerber

4265 Rice Street

Lihue, HI 96766

98080 639 7821

jim@kauaibeer.com



HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor

House Committee on Economic Development

Wednesday, February 3, 2021 at 9:30 a.m.

### **Position: Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

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 since 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 ~25 full and part-time personnel. We have been suffering yet remain open throughout this whole period of COVID.

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. The craft beer we

produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

There have been many cases where customers have told us that they wish we were able to ship beer to them in their home state. HB263 would help us do that.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB263.

Sincerely,

Jim Guerber  
President  
Kauai Beer Company



February 2, 2021

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

My name is Bret Larson, I am the owner, Kauai Island Brewing Company. We are located on the west side of Kauai in Eleele/Port Allen. We currently provide 11 full and part time jobs in Hawaii.

We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

I am a board member of the HCBG. Our brewery along with the other member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

### Direct to consumer shipping

I can't tell you the number of times I have had friends, family, and even strangers ask me from the mainland where I can get our beers. In running the brewpub, I've had hundreds of guests ask me if I could ship them our beers and unfortunately, I need to tell them "no". Some of them showed a bit of confusion when they tell me "I can get wine shipped to me but not beer?" I know if we were allowed Direct to consumer shipping, our sales would increase and as a result we would be able to hire additional staff (to handle the DTC sales and shipping) and the State would see additional revenue as a result of the increased sales.

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because as a smaller producer we do not have access to distributors that are interested in working with us. The craft beer we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

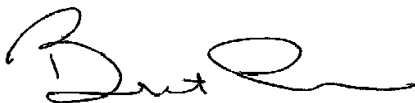
The State of Hawaii stands to gain additional tax revenue from this legislation. Direct to consumer shipping offers opportunities for our brewery to increase production to meet the demand for increased sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii. Seems like a win-win rule change.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic Development pass this bill. Mahalo for considering our testimony in support of HB263.

Mahalo for considering our testimony in support of HB263

A handwritten signature in black ink, appearing to read "Bret Larson". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Bret Larson  
Kauai Island Brewing Company, LLC.  
808-755-5926  
[bret@kauaiislandbrewing.com](mailto:bret@kauaiislandbrewing.com)

**HAWAII LIQUOR WHOLESALERS ASSOCIATION  
FIVE WATERFRONT PLAZA  
500 ALA MOANA BLVD STE 400  
HONOLULU, Hawaii 96813**

February 2, 2021

Representative Sean Quinlan, Chair  
Representative Daniel Holt, Vice Chair  
House Committee on Economic Development  
Hawaii State Capitol  
415 South King Street  
Honolulu, Hawaii 96813

Re: HB 263 Relating to Intoxicating Liquor  
Hearing Date: February 3, 2021

Dear Chair Quinlan, Vice Chair Holt, and Committee Members:

The Hawaii Liquor Wholesalers Association respectfully submits the following written testimony in **opposition** to HB 263 Relating to Intoxicating Liquor.

Section 2 would amend HRS Section 281-33.6 to allow direct shipment of *any* liquor from outside each county to persons within the county. Expanding direct shipment to other liquor will result in bad consequences.

Direct shipment of any liquor will increase underage access with numerous oversight issues regarding liability of the producers and shippers. Out of State shippers have no local ties to the community and would feel less responsible for sales to minors. The current three-tier liquor distribution system is intended to protect consumers and has worked to help prevent of sales to minors and ensure the integrity of the liquor distribution.

Allowing direct shipment to Hawaii residents would create marketplace disruption and the possibility of monopolies formed by the largest spirits producers. This will have a negative impact on local manufacturers, wholesalers, retailers, restaurants, bars and related businesses and will result in loss of income and jobs to Hawaii residents. Local craft distilling and brewing have been able to flourish because of the three-tier system which has prevented monopolies by large producers who can dominate online advertising space.

There has been no accounting of the current volume of directly shipped wine and whether the proper general excise and liquor taxes are being paid. The justification for directly shipped wine was to help small local wineries sell their product. There is no similar justification here. Before any consideration is given to expanding direct shipment to other liquor, an audit should be conducted to determine whether the current direct ship program is working and whether the State is receiving all the taxes that should be paid on the direct shipments. Other states have found that direct ship programs have resulted in large amounts of illegal wine delivered to the state without payment of taxes or proper licensing. The impact to Hawaii's economy is significant where nonpayment of taxes and fees allows out of state shippers to undercut local suppliers and

businesses. Hawaii risks the loss of millions of tax and license dollars and loss of jobs every year from illegal direct shipments.

The current three-tier system has worked for many years. It would be a mistake to change it by allowing direct shipment of any liquor.

Based on the above, we respectfully oppose HB 263. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By:   
\_\_\_\_\_  
Kenneth G. K. Hoo  
Its Secretary



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February 3, 2021

HEARING BEFORE THE  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

**TESTIMONY ON HB 263**  
RELATING TO INTOXICATING LIQUOR

Conference Room 312  
9:30 AM

Aloha Chair Quinlan, Vice Chair Holt, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawaii Farm Bureau supports HB 263**, which allows direct shipment of all forms of liquor, rather than just wine, by certain licensees. Requires the county liquor commissions to adopt rules and regulations.

The strength of Hawaii's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

A major weakness in agriculture is our lack of value-added production. Our over-dependence on the sale of fresh goods makes us especially vulnerable to weather, pest outbreaks, and pandemics while strict quarantine measures and transportation costs of heavy goods make exports difficult. This measure creates incentives for value-added manufacturing of alcohol spirits using Hawaii grown crops.

We have seen a rise in local crops being used to create locally distilled spirits such as sugarcane by Ko Hana Rum and Koloa Rum, sweet potato by Hawaiian Shochu Company, and pineapple by Pau Vodka. These products are popular with both Hawaii residents and visitors and should have the same ability as wineries to directly ship their products to consumers. Products like these can help with agricultural expansion and supports our State's policy to increase agriculture production.

Thank you for this opportunity to testify on this important subject.





808.878.1266  
mauiwine.com

HC 1 Box 953  
Kula, HI 96790-9304

#

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Date: February 2, 2021

To: Hawaii State Legislature  
Committee: ECD

Re: HB 263  
Testimony Relating to Intoxicating Liquor - DTC

From: Paula J. Hegele, President  
Maui Wine, Ltd.

Dear Chair and Members of the EDC Committee:

Maui Wine has been the beneficiary of being allowed to sell and ship Direct to Consumer since the law was approved for wineries in 2001. The positive impact on our business has been significant and this option should be allowed for all Hawaii manufacturers of alcoholic beverages. I personally, do not believe that Maui Wine would have grown through these years, and probably not survived, as a manufacturer in Hawaii without this ability to reach out and sell to our customers beyond Maui.

All Hawaii manufacturers are considered craft and small in relationship to our industry and they require State support and recognition to succeed. The systems for accountability, tracking and tax reporting have already been established for the State. By adding more manufacturers to this process, you will be supporting the growth of manufacturing in the State, creating the means for small producers to create repeat and ongoing sales relationships with their customers, as well as increase tax revenues because these businesses will grow and increase their sales, exposure, and manufacturing capacities.

It is even more important now to move ahead with this HB263; timing is of the essence to help these manufacturers stay in business and reach their potential. Please support HB263 to help grow small businesses and manufacturing. Growing small and new business is the means to more economic viability and increased tax revenues.

With best regards



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Thomas Kerns  
President / Brewmaster  
Big Island Brewhaus

HB263 Relating to Intoxicating Liquor: Direct Shipment of Liquor  
House Committee on Economic Development  
Wednesday, February 3, 2021 at 9:30 a.m.

Position: **Support**

Chair Representative Sean Quinlan, Vice Chair Representative Daniel Holt and members of the Committee on Economic Development,

My name is Thomas Kerns and I am the owner and brewmaster of Big Island Brewhaus. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild 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 member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

**Direct to consumer shipping**

We have suffered economic challenges throughout the COVID-19 pandemic along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

It is necessary to allow brewpubs, small craft producer pubs, and other alcohol producers to obtain direct shipper permits because smaller producers usually do not have access to distributors that are interested in working with them. We have experienced out of state wholesalers showing little interest in expanding distribution opportunities for small craft breweries like ours, especially for markets outside of the State of Hawaii. The craft beer we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by COVID-19. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

Breweries are experiencing a substantial economic hit from COVID-19 and need this legislation for economic relief.

1. Direct to Consumer shipping offers an opportunity for Hawaii's craft beer manufacturers to directly increase revenue and improve their bottom line at a time when these businesses are struggling to remain open due to the impacts of COVID-19.
2. COVID-19 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 struggle to stay in business and recover from COVID related revenue losses.
3. The ability of a liquor producer to access more customers through direct shipping helps address current economic hardship and promotes opportunities for expanded production and sales to neighbor islands and new markets across the US.

Direct to Consumer shipping benefits small independent craft beer businesses across the State of Hawaii.

1. While liquor sales have shown overall increases during the pandemic, this is not the case for many of Hawaii's small independent craft breweries. Our small brewery businesses typically derive a higher percent of their overall revenue from sales at their brewpubs and tap rooms compared to other alcohol manufacturers.
2. It is necessary to allow brewpubs, small craft producer pubs, and other liquor producers to obtain direct shipper permits because wholesalers may not want to sell or represent smaller brands.
3. Small scale producers usually don't find distributors interested in offering access for distribution within Hawaii where shelf space is highly competitive, and for export of their products out of state.
4. Wholesalers may not adequately represent the unique aspects of craft beer and other brands of liquor made in Hawaii by small independent producers.

Direct to Consumer shipping offers opportunities for breweries to increase production and as a result, increased tax revenue for the State of Hawaii.

1. Direct to Consumer shipping will allow Hawaii's craft beer manufacturers to increase their production to meet the demand for increased out of state sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii.
2. Rules already exist for "direct to consumer" shipping of wine, with a structure and guidelines for permitting and taxation that could be applied to direct shipping of beer and other liquor.

3. Reciprocity created with other states through this legislation facilitates market expansion for Hawaii producers with out-shipments to other states. The reciprocity offered by “direct to consumer” shipping provides tax revenue to the State of Hawaii paid by the beer and other liquor businesses for product they may ship directly to our state.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB263.

Sincerely,

Thomas Kerns  
President / Brewmaster  
Big Island Brewhaus



Katie Jacoy  
Western Counsel  
**Wine Institute**  
[kjacoy@wineinstitute.org](mailto:kjacoy@wineinstitute.org)  
360-790-5729

THE HOUSE OF REPRESENTATIVE  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2021

COMMITTEE ON ECONOMIC DEVELOPMENT

**Testimony in Opposition to HB 263**

Chair Quinlan, Vice-Chair Holt and Members of the Committee:

Thank you for the opportunity to provide testimony on HB 263 RELATING TO INTOXICATING LIQUOR. Wine Institute, a public policy association representing 1,000 California wineries of all sizes and associate members, submits the following comments in opposition to HB 263.

While we appreciate the desire of manufacturers of spirits and beer to obtain a direct-to-consumer shipping privilege, we respectfully ask that any new privilege for other liquor manufacturers be placed in a separate statute, or that provisions impacting the wine industry be restored.

Wineries of all sizes and in all 50 states have greatly benefited from the passage of direct-to-consumer shipping laws. Direct-to-consumer (DTC) wine shipping is legal in 46 states and has been occurring safely for more than 30 years. It is a lifeline for wineries in the global pandemic with wine DTC sales hitting new highs in 2020.

1) **We are concerned that the case limits set in statute have been deleted from HB 263.** In 2006, we successfully worked with the Hawaii legislature and various stakeholders to negotiate and pass the current DTC statute (HRS Sec. 281-33.6). As with all legislation, there were compromises, including the case limit of “no more than six nine liter cases of wine per household.” While we are supportive of increasing the case limit for wine in the statute, we oppose removing it entirely because it would result in county-by-county adoption of case limits via regulation. Having various case limits per County would make compliance incredibly difficult for wineries.

2) **We are also concerned by the addition of the following reciprocal shipping language:**

“(f) The holder of a direct liquor shipper permit may ship to and from any county or state where properly licensed and shall ensure that all reciprocal shipping license requirements are met in the receiving county or state.”

In 2005, The US Supreme Court ruled in Granholm that states couldn’t discriminate between in-state and out-of-state wineries in direct-to consumer wine shipment, putting in question the constitutionality of the reciprocal statutes. Justice Anthony Kennedy, in crafting the majority opinion, wrote that states should not be compelled to negotiate with each other regarding favored or disfavored status. “Laws of the type at issue in the instant [Michigan and New York] cases contradict these principles. They deprive citizens of their right to have access to the markets of other States on equal terms. The perceived

necessity for reciprocal sale privileges risks generating the trade rivalries and animosities, the alliances and exclusivity, that the Constitution and, in particular, the Commerce Clause were designed to avoid. State laws that protect local wineries have led to the enactment of statutes under which some States condition the right of out-of-state wineries to make direct wine sales to in-state consumers on a reciprocal right in the shipping State. California, for example, passed a reciprocity law in 1986, retreating from the State's previous regime that allowed unfettered direct shipments from out-of-state wineries. . . .Prior to 1986, all but three States prohibited direct shipments of wine. The obvious aim of the California statute was to open the interstate direct-shipping market for the State's many wineries."

While the Granholm decision did not directly apply to reciprocity statutes, it was generally believed by legal experts that Justice Kennedy was sending a signal that reciprocal shipping laws could be challenged because they created different rules for wineries based on their location. And legislatures in the 14 reciprocal shipping states agreed, changing reciprocal shipping laws to permit systems, including Hawaii in 2006. So, to avoid litigation over this issue, we respectfully request that this reciprocal language NOT be applied to direct shipping for wine.

Thank you for the opportunity to testify.



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Executive Officers

**LATE**

**Joe Carter**, Coca-Cola Bottling of Hawaii, *Chair*  
**Charlie Gustafson**, Tamura Super Market, *Vice Chair*  
**Eddie Asato**, The Pint Size Corp., *Secretary/Treas.*  
**Lauren Zirbel**, HFIA, *Executive Director*  
**John Schlif**, Rainbow Sales and Marketing, *Advisor*  
**Stan Brown**, Acosta Sales & Marketing, *Advisor*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*  
**Beau Oshiro**, C&S Wholesale Grocers, *Advisor*  
**Toby Taniguchi**, KTA Superstores, *Advisor*

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TO:  
Committee on Economic Development  
Rep. Sean Quinlan, Chair  
Rep. Daniel Holt, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: February 3, 2021  
TIME: 9:30am  
PLACE: Via Videoconference

RE: HB263 Relating to Intoxicating Liquor

Position: Oppose

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.

HFIA is in opposition to this measure. Current statute requires a license for direct shipment of wine but has no real way to monitor or track compliance. There are also problems with identifying unlicensed direct shipments. The expansion of direct shipping to allow all forms of liquor to be shipped directly will only exacerbate the issues currently limited to wine. Until we better understand and can better manage the direct shipment of wine, it is unwise to open direct shipment to other forms of alcohol.

Thank you for the opportunity to testify.



LATE

February 2, 2021

Dear Honorable Chair:

Kōloa Rum Company produces rum and related products on Kauaʻi using locally grown sugarcane and other ingredients. We employ forty (40) employees, and our products are distributed and sold across the mainland U.S. and several international markets. Along with the other distilleries in Hawaiʻi, Kōloa Rum Company has been hard hit by the effects of the pandemic. Since March 18, 2020, our revenues generated in Hawaiʻi are down 81% and we currently have 12 employees on furlough status. Our Tasting Room & Company Store typically generates 27% of our Hawaiʻi revenue; however, it has been closed this past year due to the pandemic and revenue is down 92%. SB65 and HB263 would amend the current law and permit direct-to-consumer sales and shipment of beverage alcohol to and from the state of Hawaiʻi. This would allow us to satisfy unmet customer demand, recapture lost revenue, and reemploy furloughed employees.

Modern-day consumers want enhanced convenience when it comes to purchasing their favorite products and the rapidly changing world of commerce must adapt to meet consumer demand. Direct-to-consumer shipping has, will, and should continue to serve as an additional market access channel to the traditional three-tier system of alcohol beverage distribution. In the last fifteen years, the number of distilleries nationwide has increased from 70 to over 1,500 and there are now 12 licensed distilleries in Hawaiʻi. Increasingly, consumers want to have access to the new and exciting spirits products that often may not be available in their state and direct-to-consumer can effectively complement the three-tier system. Ironically, direct-to-consumer shipping of wines has been widely available for nearly twenty-five years.

**PREMIUM HAWAIIAN RUM**

KOLOA RUM CORP (808) 332-9333 FAX (808) 332-7650  
2-2741 KAUMUALIʻI HIGHWAY, SUITE C, KALAHEO, KAUAʻI, HAWAIʻI 96741  
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Kōloa Rum Company believes that SB65 and HB263 meets the needs of our local Hawai`i distilleries regarding direct-to-consumer shipping, which include:

- Treat All Alcohol Products Equally

It is a scientific fact that “alcohol is alcohol is alcohol” regardless of the form in which it is consumed. SB65 and HB263 provide the opportunity for beer, wine and spirits producers to equally direct ship their products to consumers under comparable terms.

- Avoid Commerce Clause Issues

In the *Granholm v. Heald*, 544 U.S. 460 (2005) case, the United States Supreme Court found that a state must treat in- and out-of-state wine producers equally to avoid violating the dormant Constitutional Commerce Clause. To paraphrase *Granholm*, rights granted to in-state producers must also be extended to out-of-state producers. And, in the June 2019 decision, *Tenn. Wine & Spirits Retailers Association v Thomas* (No. 18-96), the Court made clear that *Granholm* continues to be good law and that states have a high burden to justify measures that discriminate against out-of-state alcohol beverage producers or products.

- Product Integrity Considerations

Maintaining a regulatory framework assuring product integrity within the direct-to-consumer marketplace can be achieved by limiting direct shipment licenses to brand owners or authorized representatives.

- Maintain State Tax Collections

Broadly, a state should be kept whole regarding tax collections if a sale is made in that state. It must also be recognized that Court decisions have established that sales and excise taxes will be paid to the state where the product is delivered. The state of Hawaii will realize new tax revenue when a resident purchases a product via direct shipment from an out-of-state distillery, but products shipped from Hawaii to out-of-state consumers should not be subjected to double or burdensome taxation.

- Safeguard Against Underage Purchases

To prevent the illegal access of spirits by underage residents, and direct-to-consumer shipments should be conspicuously labeled with the words “CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY.”

We believe SB65 and HB263 conform broadly to the above suggested recommendations and Kōloa Rum Company supports this legislation which will be to benefit of Hawai`i consumers and businesses.

Mahalo for your consideration.

Aloha,

A handwritten signature in blue ink, appearing to read "Bob Gunter", with a stylized flourish at the end.

Bob Gunter  
President & CEO  
Kōloa Rum Company  
(808) 332-9333

**HB-263**

Submitted on: 2/1/2021 9:03:17 PM

Testimony for ECD on 2/3/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joshua DeMello	Individual	Support	No

Comments:

Please support this bill as it levels the playing field for HAWAII's beer and liquor producers, especially in light of the COVID pandemic. The bill already allows this for HAWAII's wineries, it only makes sense to allow other Hawaii businesses to be able to do the same. Mahalo!