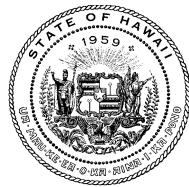


**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
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**GARY S. SUGANUMA**  
DIRECTOR OF TAXATION

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

**TESTIMONY OF**  
**GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

H.B. No. 647, Relating to Alcohol

**BEFORE THE:**

House Committee on Consumer Protection & Commerce

**DATE:** Thursday, February 2, 2023

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 329

Chair Nakashima, Vice-Chair Sayama, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 647 for your consideration.

H.B 647 amends the definition of "beer" in sections 244D-1 and 281-1, Hawaii Revised Statutes, to include alcoholic seltzer beverages and specify that alcoholic beverages must contain no less than 0.5 per cent alcohol by volume to qualify as "beer." The measure expands the list of possible beer ingredients to include malt, grain of any kind, bran, glucose, sugar, molasses, and related substitutes. The measure excludes from the definition of beer, products that are the result of a distillation process. The measure is effective on July 1, 2023.

The Department is able to implement the measure by the current effective date.

Thank you for the opportunity to provide comments on this measure.



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

**NADINE Y. ANDO**  
DIRECTOR | KA LUNA HO'OKELE

**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA  
**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

**DEAN I HAZAMA**  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

**KA 'OIHANA PILI KĀLEPA**  
335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**House Committee on Corrections, Military & Veterans**  
**Friday, February 3, 2023**  
**9:00 a.m.**  
**Conference Room 430 and Videoconference**

**On the following measure:**  
**H.B. 467, RELATING TO SOCIAL WORK**

Chair Hashem and Members of the Committee:

My name is Rochelle Araki, and I am the Executive Officer of the Department of Commerce and Consumer Affairs' (Department) Professional and Vocational Licensing Division (Division) Social Worker Licensing Program (Program). The Department offers comments on this bill.

The purposes of this bill are to require: (1) the Department of Public Safety, in collaboration with the Department of Human Services, to develop and establish a social work training program to assist nonviolent incarcerated individuals in exploring a professional pathway in social work and becoming eligible to work as assistants to licensed social workers; and (2) the Department of Public Safety and Department of Human Services to jointly submit a report of the departments' progress in developing and establishing the social work training program to the Legislature no later than the twenty days prior to the convening of the regular sessions of 2024 and 2025.

While the Department appreciates the intent of this measure, the Department would like to ensure that any individual exploring a professional pathway in the practice of social work also comply with Hawaii Revised Statutes (HRS) chapter 467E. HRS chapter 467E sets forth, among other things, the requirements to be issued a license to practice social work in the State of Hawaii, as well as specific prohibited acts in connection with the use of the title of social worker with a person's name.

For the Committee's information, HRS section 467E-7 sets forth the license requirements for licensed social workers in the State, including education, examination, and experience requirements, and HRS section 467E-13 sets forth prohibited acts and penalties. HRS section 467E-13 states, in relevant part, that:

- (a) No person shall:
  - (1) Use in connection with the person's name any designation tending to imply that the person is a social worker, licensed bachelor social worker, licensed social worker, or licensed clinical social worker unless the person is duly licensed and authorized under this chapter; and
  - (2) Represent oneself as a social worker, licensed bachelor social worker, licensed social worker, or licensed clinical social worker during the time the person's license issued under this chapter is forfeited, terminated, suspended, or revoked.
- (b) Any person who violates this section shall be subject to a fine of not more than \$1,000 and each day's violation shall be deemed a separate offense.

Any person engaged in the practice of social work, unless specifically exempted from licensure pursuant to HRS section 467E-6, is subject to licensure by the Program.

Thank you for the opportunity to testify on this bill.



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

31 January 2023

RE: HB647

Position: **SUPPORT**

Chair Nakashima, Vice Chair Sayama and members of the CPC committee

I am Steve Haumschild, CEO and founder of Lanikai Brewing Company located in Kailua 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.

This bill mostly modernizes definitions that are currently in place at the Federal level for the TTB Alcohol, and Tobacco Tax and Trade Bureau to include fermented seltzers in its definition. It allows local producers to continue to develop made in Hawaii products for sale and distribution consistent with State and Federal law without inconsistencies.

Mahalo for considering our testimony.

*Steven R Haumschild*

Steve Haumschild, MBA  
CEO & Brewmaster, Certified Cicerone®  
Lanikai Brewing Company,

Steve Haumschild, MBA  
CEO & Brewmaster, Certified Cicerone®  
Lanikai Brewing Company, Lanikai Spirits both Island Inspired™  
Brewery/Distillery @ 175-C Hamakua Dr, Kailua, HI 96734  
Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734 everyday 12p-10p  
\*\*\*Coming soon Brewpub on North Shore of Oahu  
FB: Lanikai Brewing Company, Instagram: @lanikaibrewing

Lanikai Brewing Company, Island Inspired™ Craft Beer  
Brewery @ 175-C Hamakua Dr, Kailua, HI 96734  
Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734  
FB: Lanikai Brewing Company, Instagram: @lanikaibrewing



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Thomas Kerns  
President / Brewmaster  
Big Island Brewhaus

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Mark M. Nakashima, Chair  
Rep. Jackson D. Sayama, Vice Chair

DATE: Thursday, February 2, 2023  
TIME: 2 PM  
PLACE: VIA VIDEOCONFERENCE  
Conference Room 329  
State Capitol  
415 South Beretania Street

HB 647

Position: **Support with suggested changes**

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 Hawaii Craft Brewery Community 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.

Definition of Beer:

The current definition of beer is archaic and does not represent the nature of what beer is in the current marketplace.

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 expansion 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 sugar sources. Craft beer brewers across the USA have created a wider range of beer styles with a variety of additional ingredients in their recipes including other types of grains as base ingredients, other fermentable sugar sources, and brewed hard seltzers.

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. The majority of hard seltzer is produced from either a brewed malt base or a brewed sugar base, which is then fermented. Under federal Alcohol and Tobacco Tax and Trade Bureau (TTB) regulations, both malt-based and sugar-based hard seltzers are considered “beer”. Both malt and sugar based hard seltzers are federally taxed as “beer”.

Under Hawaii statute HRS 281-1 “Beer” is obtained by the alcoholic fermentation of barley or other grain, malt, and hops. The current HRS 281-1 definition is limited in scope when compared with the federal TTB definition and Internal Revenue Code.

Modifying the definition of beer to better reflect the expansion of craft brewing ingredients and styles promotes opportunities for us to increase craft beer production in Hawaii. Fermented hard seltzers are an additional popular beverage that breweries can include as a new product to add another source of revenue and local manufacturing.

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 our brewery to manufacture additional products and increase sales to meet the demand for new beer styles. This will potentially add to alcohol tax revenue for the State of Hawaii.

I do support the bill as is with changes to the following lines:

On page 1 in lines 7 & 8 and on page 2 in lines 4 & 5 & 6 of the bill it reads: “*wholly or in part, or any substitute therefore, including grain of any kind, bran, glucose, sugar, or molasses.*”

**I suggest an edit to the wording to include “or other fermentable sugar source”.** This would allow brewers to use a sugar source that could be sourced locally or elsewhere and derived from an unspecified sugar source as long as it is a fermentable sugar – thus not limiting sources to a contemporary list but opening possibilities for future creativity. There exists the historic and contemporary practice in brewing beer of using various fermentable sugar sources to create unique beers which take on a unique character from using a given fermentable sugar source in brewing beer. This will also allow Hawaii agricultural development of various local sugar sources to be used in manufacturing in Hawaii.

I request the House Committee on Consumer Protection and Commerce to pass this bill with my suggested changes. Mahalo for considering my testimony in support of HB 647.

Sincerely,

Thomas Kerns  
President / Brewmaster  
Big Island Brewhaus

**HB-647**

Submitted on: 1/31/2023 5:29:04 PM

Testimony for CPC on 2/2/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Garrett W. Marrero	Maui Brewing Co.	Support	Written Testimony Only

Comments:

Aloha and mahalo for the opportunity to testify. We support HB647 and thank Chair Nakashima for the introduction of the bill and the committee for its hearing. HB647 is a simple definition bill which brings clarity to the state laws in categorizing various types of beverage alcohol. "seltzer" did not exist even 6 years ago and has become a massive category. At Maui Brewing Co. we are the State's largest producer of Seltzer and this bill clarifies that Seltzer made from fermented ingredients is indeed "beer" which is inline with Federal definition of the same. Mahalo, Garrett

**HB-647**

Submitted on: 1/30/2023 8:28:34 PM

Testimony for CPC on 2/2/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

The Government is all ready to Crooked!!