



Date: April 2, 2024

To: The Honorable Representative David Tarnas, Chair  
The Honorable Representative Gregg Takayama, Vice Chair  
Members of the House Committee on Judiciary and Hawaiian Affairs

Re: Oppose SB 2354 SD1, Relating to Alcohol

Hearing: Wednesday, April 3, 2024, at 2:00pm, Conference Room 325

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**Position: Oppose**

Aloha, my name is Rick Collins, the Director of the Hawai'i Alcohol Policy Alliance (Alliance), a program of the Hawai'i Public Health Institute.<sup>i</sup> SB 2354 SD1 would expand the definition of beer to include alcohol seltzer beverages.

The Hawai'i Alcohol Policy Alliance opposes SB 2354 SD1 for the following reasons:

1. ***Reducing the price of alcohol taxes will increase underage drinking and make flavored alcoholic drinks more available to youth.***

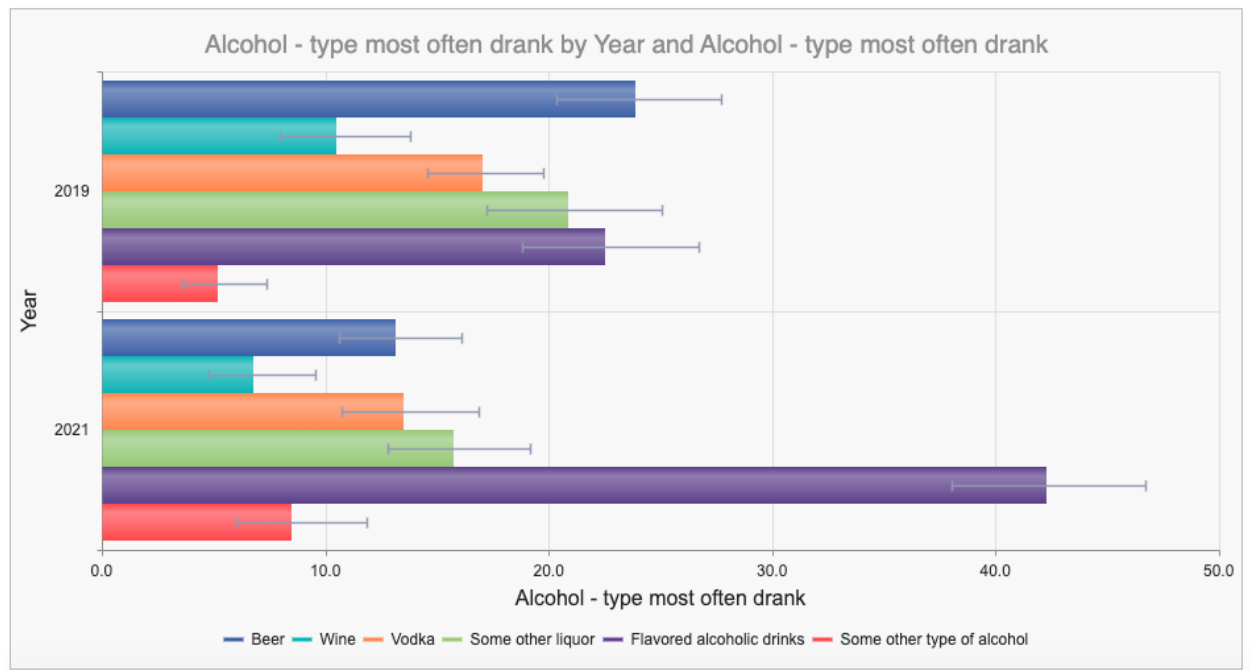
Youth are price-sensitive when it comes to alcohol, and price reductions will ultimately lead to more alcohol availability for youth and especially to their most preferred type of drinking – flavored alcoholic drinks, including seltzers.

The graphic below shows the drastic increase in youth drinking flavored alcoholic drinks, a phenomenon that follows a similar trajectory we've seen in youth use of flavored e-cigarettes. From 2019 to 2021, there has been a nearly 100% increase in the number of youth reporting drinking flavored alcohol drinks, and now far exceeding any other type of alcohol. Your proposed measure would lower the cost of drinking flavored alcoholic beverages for young people, making it more available and leading to higher rates of underage drinking and related harms.<sup>ii</sup>



Hawaii Overall Filter:	Hawaii State
Year Filter:	2019, 2021
Data Grouped By:	Year, Alcohol - type most often drank

**Chart**



**2. Alcohol price reductions increase excessive adult drinking and underage drinking**

This bill goes against a substantial body of public health research that establishes that keeping alcohol prices high reduces underage drinking and excessive adult alcohol consumption, even among heavy drinkers.<sup>iii</sup> The World Health Organization calls alcohol tax increases one of the top-3 “best-buys” for reducing alcohol-related harms in communities.<sup>iv</sup> This measure would erode public health and lead to increased alcohol-related harms across the State.

**3. Reducing the price of alcohol will cost our state more money and result in less tax revenue to address the harms.**

Alcohol does not pay for itself. According to the CDC, the consequences of excessive alcohol cost Hawai‘i nearly 1 billion dollars per year. This equates to a cost of \$689 for every resident of the State.<sup>v</sup> Excessive drinking can also lead to a range of health and social problems, including unintentional injuries (i.e., motor vehicle crashes and drowning), sexual violence, HIV infection, unplanned pregnancy, alcohol poisoning, and



Fetal Alcohol Spectrum Disorders.<sup>vi</sup> Reducing alcohol taxes will increase these harms, resulting in more costs to the State and less tax revenue to pay for it.

Outside of the surmounting evidence showing reductions in alcohol taxes resulting in an increase in public health harms, one additional question looms. Why would the legislature consider giving Big Alcohol a tax break, which would result in reducing our state revenue while we're trying to pay for fire recovery for Lahaina?

Mahalo for your consideration of our testimony on this important measure.

Rick Collins,  
Director  
Hawai'i Alcohol Policy Alliance

If you have any questions, please feel free to contact me at [rick@hiphi.org](mailto:rick@hiphi.org) or (808) 591-6508, x22.

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<sup>i</sup> Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

<sup>ii</sup> Guide to Community Preventive Services. Alcohol Excessive Consumption: Increasing Alcohol Taxes . <https://www.thecommunityguide.org/findings/alcohol-excessive-consumption-increasing-alcohol-taxes.html> Page last updated October 1, 2018.

<sup>iii</sup> Michael S. Pollard, P. (2020, September 29). Changes in ADULT alcohol use and consequences during the Covid-19 pandemic in the US. Retrieved February 03, 2021, from <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2770975>

<sup>iv</sup> World Health Organization. *Global Status Report on Alcohol and Health—2018* external icon Geneva, Switzerland: World Health Organization; 2018.

<sup>v</sup> Excessive drinking is draining the U.S. Economy. (2019, December 30). Retrieved April 2, 2024, from <https://www.cdc.gov/alcohol/features/excessive-drinking.html>

<sup>vi</sup> R. Elder, et al. "The Effectiveness of Tax Policy Interventions for Reducing Excessive Alcohol Consumption and Related Harms." *Am J Prev Med* 2010;38(2)217–229



April 2, 2024

To: The Honorable Chair David Tarnas and Vice Chair Gregg Takayama  
House Committee on Judiciary and Hawaiian Affairs

From: Kona Brewing Hawaii  
Jennifer Busch; Vice President of Finance

RE: SB2354 SD1; Relating to Alcohol; **In Support**  
April 3, 2024; Conference Room 325

Kona Brewing Hawaii **supports** SB2354 SD1, which expands the definition of "beer" under the liquor regulatory laws to mean any alcoholic beverage containing no less than 0.5 per cent alcohol by volume obtained by fermentation of any infusion or decoction of malt or any substitute, including alcohol seltzer beverages and excluding sake, cooler beverages, and other distilled products. It also authorizes brewpubs to sell beer they manufacture, or beer manufactured on their premises, subject to certain conditions.

As the definition of beer has morphed in recent years, this bill would align Hawaii with most of the country by including newer beer styles like alcoholic seltzers, which have grown in popularity with local producers seeking to meet that demand. This bill would help to enable local craft beer manufacturers to increase production and grow their businesses, which ultimately is a benefit to Hawaii's economy.

Kona Brewing Hawaii continues to run our flagship brewery in a new state-of-the-art, 30,000 square-foot facility. We produce 65,000 barrels of malt beverages annually, all of which are sold in Hawaii. For over 30 years, Kona Brewing has proudly invested in the future of Hawaii, and therefore feels passionate about promoting the growth of the craft beer industry while advocating for environmental responsibility, community wellness, and sustainability.

Mahalo for the opportunity to provide testimony on SB2354 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Busch", written over a white background.

Jennifer Busch  
Vice President of Finance

**SB-2354-SD-1**

Submitted on: 4/3/2024 12:43:16 AM

Testimony for JHA on 4/3/2024 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Angela Young	Cares	Comments	Remotely Via Zoom

Comments:

Cares wishing to comment, pls refer to online testimony.

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

SB2354 Relating to Intoxicating Liquor: Definition of Beer  
CPN  
2/20/24 9:30AM Conference Room 229

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 SB2354.