

STAND. COM. REP. NO. **1371**

Honolulu, Hawaii

**MAR 15**, 2019

RE: S.B. No. 773  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred S.B. No. 773, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Allow a class 18 small craft producer pub licensee to manufacture not more than 125,000 barrels of malt beverages on the licensee's premises during the license year;
- (2) Clarify that a class 14 brewpub licensee or class 18 small craft producer pub licensee may conduct certain activities at satellite locations other than the licensee's primary manufacturing premises subject to compliance with licensure requirements and jurisdictional authority of the applicable county liquor commission;
- (3) Clarify the definition of growler; and
- (4) Allow direct shipment of all forms of liquor, rather than just wine, pursuant to a direct shipper permit.



Maui Brewing Co., Hawaiian Craft Brewers Guild, Beer Lab HI, Kauai Beer Company, Lanikai Brewing Company, Kaua'i Island Brewing Company, Big Island Brewhaus, Honolulu Beerworks, and a concerned individual testified in support of this measure. Hawaii Partnership to Prevent Underage Drinking, Hawaii Liquor Wholesalers Association, Hawai'i Alcohol Policy Alliance, and a few concerned individuals testified in opposition to this measure. The Liquor Commission of the City and County of Honolulu and Hawaii Food Industry Association provided comments on this measure.

At the public hearing on the measure, your Committee announced its intention to limit direct shipping to only Hawaii companies. However, your Committee finds that the measure's language limiting direct shipping to class 14 and class 18 licensees already narrows the measure's scope without creating any constitutional concerns.

Your Committee has amended this measure by:

- (1) Changing the number of barrels of malt beverages a small craft producer pub licensee may manufacture to not more than seventy-five thousand barrels;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 773, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 773, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



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ANGUS L.K. MCKELVEY, Chair



