

**LIQUOR COMMISSION  
CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL  
MAYOR



February 24, 2015

Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Committee on Finance

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COMMISSIONER

FRANKLIN DON PACARRO, JR.  
ADMINISTRATOR

ANNA C. HIRAI  
ASSISTANT ADMINISTRATOR

**Hearing:** Wednesday, February 25, 2015  
2:45 p.m.; Room 308

**Position:** Providing Comments on HB 770 HD1, Relating to Intoxicating Liquor

Dear Chair Luke, Vice Chair Nishimoto, and Members:

The Liquor Commission, City and County of Honolulu (Commission), provides the below comments on House Bill 770 HD1, Relating to Intoxicating Liquor:

1. In Section 1, the proposed measure would amend Section 281-31(c), Hawaii Revised Statutes (HRS), to permit Class 2 Restaurant licensees to sell "... beer, malt beverages, or cider ..." for off-premises consumption, subject to the specified container requirements. We wish to note that a Class 2 Restaurant licensee must hold a General or Beer and Wine "kind" of license in order to sell these three (3) types of products.<sup>1</sup>
2. In Section 2, the proposed measure would amend Section 281-31(e), HRS, to permit Class 4 Retail Dealer licensees to sell the same three (3) types of products in non-original packages for off-premises consumption, subject to the specified container requirements. The requirement that all liquor products sold by Retail Dealers are restricted to off-premises consumption is an immutable part of the Class 4 license, whether sold in original packages or non-original packages as proposed. Accordingly, less redundancy and greater clarity in this Section could be achieved by substituting "in non-original packages" for "for off-premises consumption" at the beginning of the proposed sentence.
3. In Section 3, the proposed measure would amend Section 281-31(n), HRS, to permit Class 14 Brewpub licensees to sell malt beverages purchased from other manufacturers, wholesalers, or producers in "growler" form. As the Commission has not experienced regulatory problems from its Brewpub licensees specific to

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<sup>1</sup> The Alcohol and Tobacco Tax and Trade Bureau (TTB) considers hard cider to be a wine product (See 27 CFR Sec. 4.21 (e)(5)).

“growler” sales of self-manufactured product, we do not anticipate increased regulatory problems should Brewpub licensees be permitted to expand their “growler” sales ability as proposed.

4. In Section 4, the proposed measure would amend Section 281-31(r), HRS, to permit Class 18 Small Craft Producer Pub licensees to offer the expanded “growler” sales ability described in Section 3 for Brewpub licensees. As the Commission does not yet have any Class 18 licensees, we are unable to provide further input on the Section 4 proposed amendments.

The Liquor Commission appreciates the opportunity to provide comments on House Bill 770 HD1, Relating to Intoxicating Liquor.

Respectfully submitted,



FRANKLIN DON PACARRO, JR.  
Administrator

FDP:ACH



**Executive Officers:**

**John Schilf, RSM Hawaii - Chairperson**  
**Derek Kurisu, KTA Superstores - Vice Chair**  
**Lisa DeCoito, Aloha Petroleum - Treasurer**  
**John Erickson, Frito-Lay - Secretary**  
**Lauren Zirbel, Executive Director**

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**TO:**  
**COMMITTEE ON FINANCE**  
**Representative Sylvia Luke, Chair**  
**Representative Scott Y. Nishimoto, Vice Chair**

**FROM: HAWAII FOOD INDUSTRY ASSOCIATION**  
**Lauren Zirbel, Executive Director**

**DATE: February 25, 2015**  
**TIME: 2:45pm**  
**PLACE: Conference Room 308**

**RE: HB770**

**Position: Support**

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.

This bill will spur the growth of Hawaii's craft beverage industry. Promoting and facilitating the sale of these kinds of local products enables economic growth and innovation. In addition to supporting a growing local industry this measure offers benefits to consumers by providing them more choices of what kinds of beverages they can enjoy at home, such as limited release beers that aren't available in cans and bottles.

This bill would also allow the use of growlers at retail dealers in Hawaii. 34 other states and DC allow growlers to be sold under a retail license. By joining them Hawaii will be taking an important step in decreasing the use of single-use glass containers in our state, and by extension decreasing the expense of recycling glass. Growlers are far more eco-friendly than other container options because they can be used over and over again. The recent audit of the Glass Advance Disposal Fee has made it very apparent that continuing to handle the disposal of glass in the way we have been is not an option, one simple solution to help unburden this program is to reduce the amount of single-use glass containers we use.

This bill is a step in the right direction economically and environmentally; please vote yes on this measure.

Thank you for the opportunity to testify.

**Hawaii Liquor Wholesalers Association  
222 South Vineyard Street, Suite 401  
Honolulu, HI 96813-2453  
(808) 531-4551**

February 24, 2015

House Committee on  
Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Hawaii State Capitol  
Honolulu, HI 96813

Re: HB 770, HD1 Relating to Liquor

Dear Chair Luke, Vice Chair Nishimoto, and Committee Members:

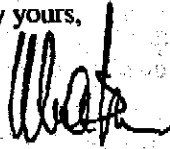
The Hawaii Liquor Wholesalers Association ("HLWA"), respectfully submits the following written testimony in opposition to HB 770, HD1 relating to intoxicating liquor, which is to be heard by your Committee on February 25, 2015.

This bill would permit restaurants and retailers to sell beer, malt beverages, or cider for off premises consumption provided the liquor is sold in a sealed or covered container sold to or provided by the patron not exceeding one half gallon, provided that, for restaurant licensees, the licensee must also have the appropriate kind of license pursuant to paragraph (3) of Hawaii Revised Statutes Section 281-31(c). There are no safeguards provided as to how restaurants or retailers would safely store and dispense the liquor or what safety precautions will be in place for reusable growlers supplied by the patron. Additionally, allowing restaurants to sell for off premises consumption contradicts the retailer/restaurant and off premises/on premises distinctions. The rules and laws that differentiate between off premises and on premises consumption are for specific purposes and confusion of the two would only make enforcement of the rules and laws more difficult.

The bill also would permit brew pubs and small craft producers to sell malt beverages purchased from other manufacturers, wholesalers, brewpubs, and small craft producers to consumers in growlers not exceeding one half gallon for off premises consumption. Current law already allows brew pubs and small craft producers the right to sell malt beverages manufactured on the licensee's premises to consumers. This bill goes much beyond that and would give brew pubs and small craft producers almost the same authority as a wholesaler, without going through the licensing scrutiny to protect the public. This would be a further derogation of the three tier system, where the roles of manufacturer, wholesaler and retailer are kept separate for the best interests of the public. Brew pubs and small craft producers have already been given much favored treatment on the pretext that because they are making their product using local ingredients in the State of Hawaii they should be allowed to sell their product directly to the consumer and other licensees. They should not be allowed to sell other licensee's product or products not manufactured by them. No further unfair and unwarranted advantages should be given.

For the foregoing reasons, we respectively oppose HB 770, HD1. Thank you for your consideration of the foregoing.

Very truly yours,

A handwritten signature in black ink, appearing to be 'W. H. ...' or similar, written over a faint, illegible background.

HAWAII LIQUOR WHOLESALERS ASSOCIATION