

**LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU**

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February 5, 2015

Representative Angus L.K. McKelvey, Chair
Representative Justin H. Woodson, Vice Chair
Committee on Consumer Protection and Commerce

Hearing: Monday, February 9, 2015
2:30 p.m.; Room 325

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

Dear Chair McKelvey, Vice Chair Woodson, and Members:

The Liquor Commission, City and County of Honolulu (Commission), provides the below comments on House Bill 770, 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, wine, 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 four (4) types of products.
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 four (4) 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 "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, Relating to Intoxicating Liquor.

Respectfully submitted,


FRANKLIN DON PACARRO, JR.
Administrator

FDP:ACH



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TO:
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Angus L.K. McKelvey, Chair
Representative Justin H. Woodson, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 9, 2015
TIME: 2:30pm
PLACE: Conference Room

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.



LATE

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HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Monday, February 09, 2015, 2:30 pm

**Testimony in Opposition to
HB 770 Relating to Intoxicating Liquor**

Dear Chair McKelvey and Members of the Committee on Consumer Protection and Commerce:

Wine Institute ("WI") is a public policy association representing 813 California wineries of all sizes. WI **opposes** the current language in H.B. 770, which authorizes restaurants and retail dealers with a liquor license to sell beer, malt beverages, wine, or cider for off-premises consumption, under certain conditions.

It is critical to wineries that they can make a business decision as to the packaging of their wine as it is sold to consumers. Wineries also need the ability to ensure that their wine is not adulterated. WI has concerns that allowing growlers to be used for wine will create sanitation issues. Since there are no federal standards for wine growlers, they would essentially be unregulated.

WI also has marketing concerns regarding the lack of labeling on growlers. Wine labels are a key part to developing brand identity with consumers. Labels provide consumers with important information about the wine, such as varietal, vintage, AVA designation and tasting notes. They also contain the name of the winery, alcohol content, and federal warnings. A wine growler will not be labeled and could even bear the label of some other product.

This bill is a significant expansion of the retail sale of wine by allowing restaurants to fill and sell wine growlers for off-premise consumption. This will likely require additional enforcement by liquor commissions. In addition, selling wine (as well as beer and cider) in large, unmarked containers may cause difficulty for police to enforce open container laws and prohibitions against drinking alcohol in public. For example, a common metal water bottle with a screw-top lid would qualify as a growler under the law as drafted. Consumers drink out of such containers regularly in public places, and as a public policy matter, the State may not want retailers to be filling these "to go" bottles.

If local wineries in Hawaii want to make the choice to fill and sell wine of their own production in growlers from their tasting rooms, that should be permitted, because it keeps the decision on how the wine is packaged with the winery. In those cases, wine growlers should only be allowed to be filled on winery-controlled premises.

For these reasons, WI respectfully suggests that, if the Committee is inclined to move this measure forward, the measure be amended to either remove wine altogether or clarify that wine is only permitted to be filled in growlers on winery-controlled premises.

Thank you for the opportunity to testify on this measure.



February 6, 2015

TO: Committee on Consumer Protection & Commerce
Representative Angus McKelvey, Chair
Representative Justin Woodson, Vice Chair

FROM: Whole Foods Market
Claire Sullivan, Hawai'i Coordinator, Purchasing & Public Affairs

DATE: Monday, February 9, 2015

TIME: 2:30pm

PLACE: Conference Room 325

RE: HB770

POSITION: Support

Whole Foods Market strongly supports HB770. The purpose of this measure is to expand the current law that allows for the sale of growlers at brew pubs and small craft producer pubs to allow for the sale of growlers at all liquor retail establishments and restaurants. It will also allow brew pubs and small craft producer pubs to sell different brands of beer in growlers.

The advantages to this bill are manifold. First, the use of growlers reduces reliance on single use glass and aluminum containers because growlers are reusable. Second, consumers will benefit from an expanded selection of draft beer and the convenience of purchasing growlers for consumption at home. They will also be able to try limited-release beers that are not available in cans and bottles, including those produced by local craft brewers. Third, this will contribute to the growth and expansion of the local craft beer industry. Finally, it will increase business for retailers, restaurants, brew pubs and small craft producer pubs, which will in turn provide employment opportunities in the State of Hawai'i.

Whole Foods Market is a proud partner of the craft brewing industry, including local craft brewers in Hawai'i. We look forward to being able to offering fine beer in growlers at our stores in Hawai'i, as we do at stores in other communities around the country.

Thank you for the opportunity to testify.