

**SB-717-SD-1**

Submitted on: 3/20/2023 12:03:21 PM

Testimony for CPC on 3/22/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Steve Haumschild	Lanikai Brewing Company LLC	Support	Written Testimony Only

Comments:

Aloha Members of the committee,

This bill clarifies language currently used at the federal level for the defination of beer/seltzer

We are in support

**SB-717-SD-1**

Submitted on: 3/20/2023 12:08:38 PM

Testimony for CPC on 3/22/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Pat Korn	Waikiki Brewing Co	Support	Written Testimony Only

Comments:

Waikiki Brewing Co SUPPORTS this bill. The bill will help us employ more workers and help the local economy. Thank you for your time.

Pat Korn/Brewmaster



March 21, 2023

House Committee on Consumer Protection and Commerce  
SB717, SD1 Relating to Alcohol

Re: **IN SUPPORT OF SB717 with Amendment**

Aloha Chair Representative Nakashima, Vice Chair Representative Sayama, and members of the Committee,

My name is Garrett W. Marrero, I live in Kihei, HI. Maui Brewing Co. has locations on Maui in Lahaina and Kihei, and on Oahu in Waikiki and Kailua. We distribute across Hawaii, 19 other States, and 10 countries. We are a fairly large employer within the State and contribute immensely to Hawaii and its people.

I am writing on behalf of myself and our local family-operated business in support of **SB717** which amends the definition of beer to align with the Federal definitions under Tax & Trade Bureau and the Internal Revenue Code.

This is NOT A TAX REDUCTION BILL AND WILL NOT CHANGE TAX RATES IN ANY WAY. Last session, erroneous testimony was given by DOTAX that stated a decrease in tax revenue would be seen due to "Seltzer being made from spirits". This is not accurate, seltzer can be made from a fermented base of malt or sugar, or from distilled spirits. "How it is made" and "what it is made from" would dictate how it is taxed. The fermented malt/sugar seltzers are classified as beer per Federal laws and in States that maintain laws current to the beverages being produced today. The distilled spirits based seltzers should be taxed as distilled spirits. This is consistent with HRS 244D.

Why is this important? The current definition of beer does not properly fit today's needs as new fermented beverages such as gluten-free beer, non-alcoholic beer, seltzers fermented from malt (FMBs) or sugar (FSBs) and more. These beverages are commonly accepted as beer by both the TTB and IRS under Federal rule as well as all other States. We need to bring Hawaii current with the rest of our country in definition of these beverages.

I would suggest an amendment to clarify "Seltzers where alcohol is obtained by the fermentation or any infusion or decoction of malt, wholly or in part, or any substitute therefor, including grain of any kind, bran, glucose, sugar, or molasses."

In the end, the growth of local producers will lead to increased revenues to the State.

Mahalo for your consideration. We urge you to pass this bill with amendments. Thank you for the opportunity to provide testimony in support of **SB717**.

Mahalo,

Garrett W. Marrero  
CEO/Founder

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## Nicolas Wong

President  
3266 Kalua PL  
Honolulu, HI 96816

SB 717SD1– Expands the definition of "beer" under the State's liquor tax and liquor regulatory laws, to specify that the term includes an alcohol by volume of no less than 0.5 per cent and alcohol seltzer beverages

Wednesday, March 22, 2023, 2:00pm Conference room 329

Rep. Mark M. Nakashima, Chair, Rep. Jackson D. Sayama, Vice Chair and members of the Senate Committee on Consumer Protection and Commerce

### **SUPPORT**

My name is Nicolas Wong and I am the owner of Beer Lab HI. 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.

I am also a board member of the Hawaii Restaurant Association.

### **Expansion of the definition of beer**

This bill will expand the definition of beer and allow local manufacturers to create a greater array of products and allow those manufacturers an already established avenue to pay the required taxes on those products.

From personal experience the production of seltzer and other alcoholic beverages are very similar and by expanding the definition (and not creating a new one) it streamlines the tax reporting of these products and reduces confusion. While allowing a greater possibility for business expansion.

Kauai Beer Company  
Justin Guerber  
Head Brewer  
4265 Rice St  
Lihue, HI 96766  
[justin@kauaibeer.com](mailto:justin@kauaibeer.com)



Committee On Consumer Protection & Commerce  
Rep. Mark M. Nakashima, Chair  
Rep. Jackson D. Sayama, Vice Chair

DATE: Wednesday, March 22, 2023  
TIME: 2:00 PM  
PLACE: VIA VIDEOCONFERENCE  
Conference Room 329  
State Capitol  
415 South Beretania Street

SB717 SD1 Relating to Alcohol

Position: **Support**

My name is Justin Guerber and I am the Head Brewer of Kauai Beer Company. 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.

Our brewery along with the other member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

Definition of Beer

We feel that this bill would bring the state definition of beer more in line with the federal definition by the TTB. The new definition would allow us to pursue more product variations and utilize more Hawaii-grown agriculture in our products.

Mahalo for considering our testimony in support of SB717 SD1.



March 21, 2023

Representative Mark M. Nakashima, Chair  
Representative Jackson D. Sayama, Vice Chair  
Members of the House Committee on Consumer Protection & Commerce

RE: **SB 717, SD1 – Relating to Alcohol**  
**Hearing date: March 22, 2023 at 2:00 PM**

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

Mahalo for the opportunity to testify on behalf of Anheuser-Busch providing comments to SB 717, SD1. Anheuser-Busch is one of America's best-loved breweries and has been one of the most popular brands for beer and other beverages in Hawaii for decades.

SB 717, SD1 would expand the definition of "beer" in Section 244D-1, Hawaii Revised Statutes to include different types of beers and "alcoholic seltzer beverages." The bill also explicitly excludes distilled spirits from the definition. Although Anheuser-Busch supports the expanded definition in SB 717,SD1, we are opposed to any amendments that would lower the taxes on hard liquor and other distilled beverages.

Currently hard liquor is taxed at a rate of \$5.98/gallon. Adding ready-to-drink, hard liquor canned cocktails or other pre-mixed spirits to the definition of beer, or creating a new category of low alcohol by volume spirits, would effectively provide a tax break to distilled beverages. Based on the current tax revenues, lowering the taxes on pre-mixed spirits would reduce tax revenue between \$5-\$10 million over 5 years. If the legislature's intent is to reduce taxes on hard liquor, it should do so by amending HRS § 244D-4, not unintentionally by creating a new category of beverages.

Passing the current SD1 version of SB 717, without adding distilled beverages to the definition of beer, or creating any new definitions for low alcohol by volume beverages will help to ensure the tax rates, and revenues, are not inadvertently reduced. Mahalo for your consideration.

Sincerely,

Curtis Raulinaitis  
Region Vice President  
State Government Affairs  
[curtis.raulinaitis@Anheuser-Busch.com](mailto:curtis.raulinaitis@Anheuser-Busch.com)

Cindy Goldstein, PhD  
98-814 C Kaonohi St  
Aiea, HI 96701

SB717\_SD1 Expanding the definition of beer  
Committee on Consumer Protection and Commerce  
Weds March 22 at 2:00 pm Rm 329

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

Position: Support

My name is Cindy Goldstein and I support the legislation proposed in SB717\_SD1 to amend the definition of beer. The current definition is not well aligned with the expansion of craft brewing to include other fermentable sugars and other grains such as gluten free grain. The additional flexibility offered by this bill, to include use of other fermentable sugars and grains, provides an opportunity for Hawaii brewers to expand the types products they are able to offer customers. New products allow business growth and the sale of new lines of craft beverages. This legislation would more closely reflect the federal define definition used for beer under the Internal Revenue Code of 1986 (IRC) and federal TTB regulations.

Passing this bill can contribute to the ability of Hawaii's breweries to increase revenue and grow production. This legislation is proposed at a time when craft breweries are still recovering from the impacts of COVID-19. Updating the definition of beer to better reflect the expansion of craft brewing ingredients and styles offers Hawaii craft breweries an opportunity to expand production and marketing of a wider variety of unique craft beers and alcohol seltzers. A broader definition of beer will foster the creation of new and unique styles that are well suited for incorporating Hawaii grown fruits, herbs, coffee, and other locally sourced agricultural ingredients to create value added products that support Hawaii's farmers and agriculture as well as Hawaii's beer manufacturers.

Thank you for the opportunity to provide testimony in support of SB717\_SD1 before your House CPC committee.