



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 108, H.D. 1, RELATING TO INTOXICATING LIQUOR.

BEFORE THE:

HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

DATE: Thursday, February 13, 2025 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Jennifer Waihee-Polk or Christopher J.I. Leong, Deputy Attorneys
General

Chair Tarnas and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to allow direct shipment of beer and distilled spirits to consumers by certain licensees. The current draft restricts direct shipment from an out-of-state manufacturer unless the manufacturer is licensed in a jurisdiction that affords Hawai'i licensees direct-to-consumer shipment privileges of beer and distilled spirits.

The dormant commerce clause prohibits state legislation that discriminates against interstate or international commerce. The Supreme Court has long held that state laws violate the Commerce Clause if they mandate "differential treatment of in-state and out-of-state economic interests that benefits the former and burdens the latter." See Granholm vs. Heald, 544 U.S. 460, 472 (2005) (citing Oregon Waste Sys., Inc. v. Dep't of Env't Quality of Ore., 511 U.S. 93, 99 (1994)).

By requiring an equal reciprocal shipping privilege rather than generally allowing all out-of-state shipments, this bill would be subject to constitutional challenge as discriminating against out-of-state manufacturers.

Prior to the Granholm decision, the State limited direct shipment of wine to manufacturers in states affording an equal reciprocal shipping privilege under then section 281-33.5, Hawaii Revised Statutes (HRS). However, this statute was repealed after the Granholm decision, on July 1, 2006.

This bill further requires out-of-state manufacturers to obtain permits from the liquor commissions of the counties it ships to, but does not require this of in-state manufacturers. Not only does this mandate differential treatment of out-of-state economic interests, it does not comport with the State's provisions governing direct shipment of wine under section 281-33.6, HRS.

To avoid a constitutional challenge, we recommend that the wording in the new section 281(a), HRS, in section 2 of the bill on page 2, line 14, to page 3, line 4, be revised as follows:

" . . . may pay any applicable fees and obtain a direct beer and distilled spirits shipper permit from the commission of the county ~~[in]~~ to which the beer or distilled spirits ~~[is manufactured that authorizes]~~ will be shipped authorizing the holder to directly ship beer and distilled spirits to persons in ~~[any]~~ the county ~~[of this State; provided that no permit shall be issued pursuant to paragraph (2)(B) unless the person holds a license in a jurisdiction that affords licensees in this State shipping privileges for the shipment of beer and distilled spirits direct to consumers in that jurisdiction; provided further that permits pursuant to paragraph (2)(B) shall be obtained from the commission of the county of this State to which the person will be shipping the beer or distilled spirits.]~~ pursuant to this section."

Thank you for the opportunity to provide comments.

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
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Arryl Kaneshiro



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Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawaii 96766

February 11, 2025

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
HB 108, HD 1, RELATING TO INTOXICATING LIQUOR
AND
HB 380, HD 1, RELATING TO THE REGULATION OF TOBACCO PRODUCTS
House Committee on Judiciary & Hawaiian Affairs
Thursday, February 13, 2025
2:00 p.m.
Conference Room 325
Via Videoconference**

Dear Chair Tarnas and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 108, HD 1, Relating to Intoxicating Liquor and HB 380, HD 1, Relating to the Regulation of Tobacco Products. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of HB 108, HD 1 and HB 380, HD 1, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of HB 108, HD 1 and HB 380, HD 1. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

AAO:dmc



Lanikai Brewing Company
175 Hamakua Drive, Unit C
Kailua, Hawaii 96734
www.lanikaibrewing.com

HB108 HD1 SUPPORT

Aloha Chair, Vice Chair and members of JHA committee

While covid restrictions have passed, local businesses involved in manufacturing of alcohol for hospitality have continued to feel the financial pressure and are still struggling to recover post pandemic with significant increases in costs all around, without proportional increases in margin. Currently, this is the weakest our local manufacturing industry has been in a very long time.

While wineries in Hawaii are PERMITTED to ship products directly to consumers, other manufacturers, holding the identical manufacturing licenses are not permitted to ship directly to consumers within the state and across state lines. Since there are established processes with the shipment of alcohol in general that have been established without issues, requesting that all manufactured products under those same licenses be permitted to sell directly to consumers.

Please vote in FAVOR of this bill. This can potentially not only help stabilize local manufacturing and local jobs, but also increase tax revenue from increased sale of our products proudly made in Hawaii. This allows further expansion of Made in Hawaii products!

Steve Haumschild

Steven R Haumschild

CEO & Brewmaster, Certified Cicerone®
Lanikai Brewing Company, Lanikai Spirits both Island Inspired™
Brewery/Distillery @ 175-C Hamakua Dr, Kailua, HI 96734
Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734 everyday 12p-10p
***Coming soon Brewpub on North Shore of Oahu
FB: Lanikai Brewing Company, Instagram: @lanikaibrewing

Lanikai Brewing Company, Island Inspired™ Craft Beer
Brewery @ 175-C Hamakua Dr, Kailua, HI 96734
Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734
FB: Lanikai Brewing Company, Instagram: @lanikaibrewing



February 11, 2025

[COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS](#)

Rep. David A. Tarnas, Chair

Rep. Mahina Poepoe, Vice Chair

Re: Testimony in Support w/Amendments of HB108 HD1: Authorizing Direct-to-Consumer Shipping for Beer and Spirits

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Garrett W. Marrero, and I live in Kihei, Hawai'i. I am the CEO and Founder of Maui Brewing Co., operating locations in Lahaina, Kaanapali, and Kihei on Maui, and Waikiki and Kailua on Oahu. We distribute our beverages across Hawai'i, 26 states, and 2 countries. Since our founding in 2005, we have grown from 26 team members to over 400 statewide.

We at Maui Brewing Co. are in strong support of HB108, which would expand direct-to-consumer (DtC) shipping laws to include Hawai'i's breweries and distilleries. This legislation would allow small craft producers to ship products directly to consumers within Hawai'i and to states with reciprocal DtC shipping laws. It modernizes outdated regulations and promotes fairness across all beverage alcohol categories. We recommend removing the language surrounding reciprocity that was added in the last hearing and understand that those Representatives are aligned.

Currently, Hawai'i permits the direct shipping of wine to consumers under established safeguards for age verification, tax collection, and licensing. Beer and spirits should also benefit from this proven system, ensuring:

- Expanded Hawaiian Exports: DtC shipping allows small producers to reach global markets, showcasing Hawai'i's vibrant craft beverage scene.
- Economic Recovery: By creating new revenue streams, this bill supports economic growth, especially in light of reduced tourism.
- Fairness: Allowing wine to ship directly while excluding beer and spirits is inequitable. This bill levels the playing field.

Public sentiment supports modernized DtC shipping laws:

- 82% of alcohol drinkers support updating laws for DtC shipping.
- 76% of consumers would purchase spirits online if allowed.

Handcrafted Ales & Lagers Brewed with Aloha
605 Lipoa Parkway, Kihei, HI 96753
808.213.3002

- DtC shipping is already allowed for wine in 47 states plus DC, and 11 for beer and 8 plus DC for spirits.

Concerns about underage access and harm to the three-tier system are unfounded. Existing DtC shipping laws for wine have demonstrated the effectiveness of safeguards, and the same can apply to beer and spirits. FedEx and UPS each have age gating systems to prevent minors from accessing alcohol.

HB108 builds upon Hawai'i's established framework for DtC wine shipping under HRS 281-33.6. Expanding it to beer and spirits would:

- Support small craft producers lacking traditional distribution opportunities.
- Increase exports of authentic Hawaiian products.
- Generate additional state tax revenue.

We appreciate the Legislature's consideration of this commonsense measure, which has received strong support in the past. Opposition from wholesalers should be seen as protectionist, as this bill strengthens competition without dismantling the three-tier system. In fact these same wholesalers made the same arguments when wine sought the ship DtC options, they were proven wrong.

Thank you for the opportunity to submit this testimony in strong support of HB108 HD1. It's a practical step that will grow Hawai'i's craft beverage industry, boost the economy, and align our laws with modern consumer expectations.

Mahalo for your time and consideration!

Sincerely,

A handwritten signature in black ink, appearing to read 'Garrett W. Marrero', written over a horizontal line.

Garrett W. Marrero
CEO/Founder

When I helped start Koloa Rum in Kauai in 2009, there were fewer than 75 distilleries in the entire country. In the years since, consumer interest in locally made spirits has boomed, with craft distilleries now numbering more than 3,000 nationwide. But the laws governing our industry have yet to catch up with this explosive growth. Among the most damaging examples has been our inability to sell bottles online and ship them directly to customers.

This is particularly frustrating given that the laws don't apply to other alcohol producers. For decades, winemakers have managed alcohol shipments responsibly, with ample compliance safeguards to prevent alcohol from falling into the hands of minors. During the pandemic we found the same to be true for distillers. We had not one single compliance issue. Today, 47 states plus D.C. allow direct shipments of wine, but only nine states plus D.C. permit direct shipping of distilled spirits. This is because at the time DTC shipping was made legal for winemakers, there were hardly any craft distillers. The laws simply haven't caught up.

Passage of HB108 HD1, with an effective date of July 1, 2025, would bolster not just craft distillers and brewers, but the hundreds of jobs our industry supports. Further, the sheer number of products from new distilleries and brewers is overloading traditional distributors and retailers. DTC shipping can provide another way to bring these products to market.

Distributors and retailers will always be our first choice for bringing our products to market, but DTC shipping allows craft distillers and brewers to measure the level of demand for specialty bottles before we bring them to distributors. In a sense, DTC shipping can act as a farm league for the "big leagues" of wholesale and retail distribution.

Of course, our customers also win big as validated by a survey conducted by the Distilled Spirits Council which found that 80% of consumers believe distillers should be allowed to ship to legal-age consumers in any state.

It's time to modernize laws to meet the growth of the craft distilling industry. Laws that give consumers the right to choose the spirits they want, purchase them at their convenience, and have them shipped to their homes will boost the ability of companies like mine to grow, compete, and hire. Mahalo!



February 12, 2024

Dear Members of the Hawai'i House Judiciary and Hawaiian Affairs Committee:

My name is Sam DeWitt, State Government Affairs Director with the Brewers Association, a 501(c)6 national trade association dedicated to promoting and protecting small and independent craft brewers, their beer, and the large community of craft beer enthusiasts. I write today in support of House Bill 108, a common sense bill that serves brewers and customers, both in the Islands and on the mainland.

For years, wine has had the ability to ship direct-to-consumer. They have done so successfully, and have established long-lasting relationships with their clientele by shipping their products both in- and out-of-state. The wine industry has been responsible and responsive to concerns about safety, and have shown direct shipping of beverage alcohol to be safe and secure for producers and consumers alike.

Their successes have informed what we feel is a great opportunity for growth within our industry, which is still suffering nationally from the effects of the pandemic and suffering acutely in Hawai'i due to the 2023 fires.

According to the 2024 Sovos ShipCompliant Direct-to-Consumer (DTC) [beer shipping report](#), craft beer drinking respondents to a Harris Poll say if a brewery were able to legally offer DTC shipping, 86% of respondents would be likely to try a new beer from that brewery, 83% would purchase more frequently from that brewery, and 68% would likely subscribe to a beer club.

States like Hawai'i are currently missing out on this potential revenue. 69% of respondents say they would spend \$50 or more per month if allowed to do so, and 43% say they'd spend \$100 or more per month. State laws like Hawai'i's are lagging behind consumer demand, with 81% of craft beer drinkers having tried a beer while traveling that they wish they could purchase but is not available near their home, and 88% believing there should be greater legal access to DTC beer shipping.

While we understand and appreciate the opposition from our wholesale partners on this issue, I would like to remind them and the members of this committee that customers choosing to seek out beer direct shipping, who are willing to be patient and wait for the product, and are willing to pay a premium to ship the product to themselves, are highly unlikely to do any of that if the same product is available through normal wholesale channels like liquor stores, bars, and restaurants. The

beers we're talking about aren't available in their local area, or they'd go down the street and purchase at the regular price and have it immediately instead of paying a premium and waiting a week or longer to receive it.

The point is that these beers don't currently exist in the wholesale marketplace, so wholesalers are not losing business or routes for their employees. Indeed, long term, it can open up new product lines for wholesalers in Hawai'i just as Hawai'ian breweries will benefit from gaining more exposure on the mainland.

Additionally, according to the National Beer Wholesalers Association (NBWA) which puts out an annual Beer Purchasers Index, an informal monthly statistical release to show industry beer purchasing activity, wholesalers are looking to scale back on craft purchasing, cutting SKUs from their inventory, and are not seeking to add more craft to their trucks.

Further, niche SKUs (like seasonal beers, barrel-aged stouts, limited releases) are not meant for wide distribution in the first place. Wholesale partners generally do not want those products in the first place, even from brands they already represent, leaving few options for them to reach the market. For these beers – and the community of beer enthusiasts who want those limited-run products – DTC shipping is simply the next logical step.

Direct-to-Consumer shipping is one opportunity to bridge the gap between consumer preferences and the realities of the distributed market.

You'll note that this bill was amended in its last committee stop to add a reciprocity element, specifying that only other states with reciprocity to Hawai'i may ship to the islands. Because of the finding in *Granholm* under the Dormant Commerce Clause of the U.S. Constitution, we are concerned that this bill with the reciprocity language has the potential be struck down as unconstitutional, as it hinders interstate commerce. We respectfully ask this committee to strip that portion of the bill to move a clean and constitutional piece of legislation forward.

House Bill 108 is a simple piece of legislation that will benefit many. Thank you for your time and service to the people of Hawai'i; the Brewers Association respectfully asks for a Yes vote.

Sincerely,
Sam DeWitt
State Government Affairs Director
Brewers Association

HB-108-HD-1

Submitted on: 2/12/2025 10:21:51 AM

Testimony for JHA on 2/13/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Justin Heikkinen	Howzit Brewing	Support	Written Testimony Only

Comments:

Aloha,

As a small local alcohol based business owner in a difficult inflationary economy and market dominated by major corporations/landowners state bill HB108 would benefit us immensely. By being able to bypass distributors (who require unfavorable contract terms) and send our product directly to consumers on neighboring islands we would be able to grow not just revenue but margins - which then allows us to create even more jobs here in Honolulu. We urge you to consider passing HB108 so that we can expand our footprint both locally but also compete nationwide with other breweries that are already able to ship DTC.

Sincerely,

Justin Heikkinen

Owner, Howzit Brewing

**Testimony in Support of H.B. 108 HD1
Relating to Intoxicating Liquor**

Hearing Date: Thursday, February 13, 2025

Time: 2:00 p.m.

Place: Conference Room 325, State Capitol, 415 South Beretania Street

Committee On Judiciary & Hawaiian Affairs

Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

I am writing on behalf of Kauai Beer Company in strong support of H.B. 108, H.D. 1, which would allow breweries and distilleries to ship directly to consumers, just as wineries have been permitted to do for years. Expanding direct-to-consumer shipping is a critical step toward market parity, ensuring that Hawaii's breweries and distilleries can compete fairly while contributing to the state's economy.

As a local brewery, our ability to reach new customers is currently restricted by limited distribution options. Direct shipping would open new markets, increasing sales, generating additional tax revenue for the state, and allowing us to expand our staff to meet demand. Wineries have successfully shipped their products under existing safeguards, proving that a well-regulated system can work effectively. Extending these same opportunities to breweries and distilleries is a logical and fair next step.

This bill supports local businesses, fosters economic growth, and modernizes Hawaii's alcohol laws without compromising public safety. I urge the committee to pass H.B. 108, H.D. 1 to provide breweries and distilleries the same opportunities already afforded to wineries.

Mahalo for your time and consideration.

Sincerely,

Justin Guerber

Kauai Beer Company
4265 Rice st
Lihue, HI 96766
justin@kauaibeer.com



FIVE WATERFRONT PLAZA
500 ALA MOANA BLVD STE 400
HONOLULU, HAWAII 96813

February 11, 2025

House Committee on
Judiciary & Hawaiian Affairs
Representative David A. Tarnas, Chair
Representative Mahina Poepoe, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 108 HD1 (Companion SB464)
Hearing Date: February 13, 2025, 2:00 PM

Dear Chair Tarnas, Vice Chair Poepoe and Committee Members:

The Hawaii Liquor Wholesalers Association respectfully submits the following written testimony in **opposition** to HB108 HD1 Relating to Intoxicating Liquor.

Section 2 would amend HRS Chapter 281 to allow direct shipment of unlimited amounts of any beer or distilled spirits from outside each county to persons within the county. The current three tier system of manufacturers, distributors and retailers works and has been in place for many years. Changing the system by allowing out of state and in state producers to ship beer and distilled spirits directly to consumers will have adverse consequences.

First, direct shipment will allow minors easy access to liquor. States that have allowed direct shipment have found that there is little or no oversight of the final delivery of the product. One study showed that 45% of orders placed by underage purchasers were successfully received. Direct shipment also increases the likelihood of counterfeit or adulterated product making its way to consumers. Out of the county and out of state shippers have no ties to the local county community and would feel less responsible for sales to minors and for any liability for underage drinking or counterfeit product. This would create numerous oversight issues regarding liability of the producers and shippers. The current three-tier liquor distribution system is intended to protect consumers and has worked to help prevent sales to minors and ensure the integrity of the liquor distribution.

Allowing direct shipment to Hawaii residents would create marketplace disruption and the possibility of monopolies formed by the largest beer and spirits producers. The current three-tier system of manufacturers, distributors, and retailers has successfully prevented liquor monopolies,

helping lead to a boom in craft distilling and a diverse marketplace. Direct shipments will make monopolies easier because big players can dominate the online advertising space and in-person large event advertising. Monopolies will only hurt local manufacturers, wholesalers, and related business, which will result in loss of sales and jobs to Hawaii residents.

States that allow direct shipment of wine have found problems in the States' ability to collect taxes. For example, Virginia found that nearly 40% of all shipments were unlicensed and thus nontaxed. There has been no accounting of the current volume of directly shipped wine and whether the proper general excise and liquor taxes are being paid. The justification for directly shipped wine was to help small local wineries sell their product. There is no similar justification here.

Before any consideration is given to expanding direct shipment to other liquor, an audit should be conducted to determine whether the current direct ship program is working and whether the State is receiving all the taxes that should be paid on the direct shipments. A preliminary investigation on Hawaii County started in 2025 shows 150 potential shippers without permits, and in response to Hawaii County letter inquiries sent just one week ago, one retailer already admitted that it did not know it was illegal to ship without a permit.

Other states have found that direct ship programs have resulted in large amounts of illegal wine delivered to the state without payment of taxes or proper licensing. The impact to Hawaii's economy is significant where nonpayment of taxes and fees allows out of state shippers to undercut local suppliers and businesses. Hawaii risks the loss of millions of tax and license dollars and loss of jobs every year from illegal direct shipments.

Hawaii's wine and spirits wholesalers are strong economic drivers, providing reliable employment and investment in all counties. Hawaii's wine and spirits wholesalers alone, not including beer wholesalers, employ more than 650 people in Hawaii, who earn \$44 million in wages. The wine and spirits industry creates over 9,300 jobs in Hawaii and Hawaii receives over \$103 million in tax revenue from alcohol sales. Wine and spirits distributors service 6,845 retailers from 32 facilities throughout Hawaii.

Allowing direct to consumer sales would undoubtedly result in the loss of hundreds of jobs, millions in wages, and tax revenue. The cost to implement and enforce such shipments would require funding for the hiring of additional employees and implementation of new procedures, with no source of funding and no assurance that such sales and shipment will be properly enforced.

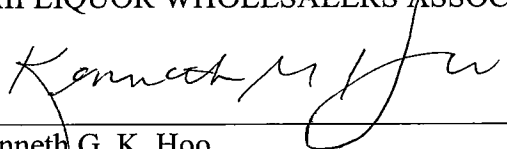
The current three-tier system has worked for many years. It would be a mistake to change it by allowing direct shipment of any liquor.

Based on the above, we respectfully oppose HB108 HD1. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By: _____


Kenneth G. K. Hoo
Its Secretary



info@beerlabhi.com
www.beerlabhi.com

COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

Rep. David A. Tarnas, Chair

Rep. Mahina Poepoe, Vice Chair

Rep. Della Au Belatti	Rep. Gregg Takayama
Rep. Elle Cochran	Rep. Chris Todd
Rep. Mark J. Hashem	Rep. Diamond Garcia
Rep. Kirstin Kahaloa	Rep. Garner M. Shimizu
Rep. Amy A. Perruso	

NOTICE OF HEARING

DATE: Thursday, February 13, 2025
TIME: 2:00 p.m.
PLACE: VIA VIDEOCONFERENCE
Conference Room 325
State Capitol
415 South Beretania Street

Dear, Chair, Vice Chair, and Members of the Committee,

I am submitting testimony in strong support of HB108HD1 with amendments. Direct Shipment of beer and distilled spirits by manufacturers.

Why This Change Is Necessary

Direct shipment of beer and spirits to consumers is a needed avenue of venue for manufacturers in Hawaii. This allows manufacturers to send products directly to customers on the mainland while collecting the tax revenue in Hawaii. This truly allows local producers a easy streamline avenue to export products outside of Hawaii. Please allow Hawaii businesses the greatest chance to survive in this difficult business environment.

I appreciate the opportunity to submit this testimony and urge you to support HB108HD1 with the proposed amendment.

Nicolas Wong
Founder/Owner
Beer Lab HI
nicolas@beerlabhi.com
8085427015

Pearlridge - 98-1005 Moanalua Rd #884, Aiea, HI 96701 - (808) 762-0027
Beretania - 1318 S. Beretania St Honolulu, HI 96814 - (808) 888-0500
Puck's Alley - 2600 S. King Street, Honolulu, HI 96826 - (808) 744-0253

January 28th, 2025

RE: HB108

Position: SUPPORT

Aloha Chair Tarnas and Vice Chair Poepoe and Committee,

My name is Naehalani Breeland and I am the President and Co-Founder of Ola Brew. We would like to work together with the other parties interested in supporting HB108. Ola Brew is a Hawai'i Island community and employee owned brewery -over 4200 community owners, with two taprooms, one in Hilo and one in Kona. Our mission is to encourage the growth of Hawai'i's agricultural economy by purchasing local ingredients and incorporating them into our specialty brews. Since opening our doors in Dec. 2017, Ola Brew has purchased over \$3.6M of local agriculture that has increased annual revenues of over 120 farmers, supported countless local businesses and contractors and currently employs over 65 Hawai'i Island residents. We have also recently begun resurrecting our Monarch era distilled spirit 'Ōkolehao and have won over 60 international awards for the spirit. We are currently renovating the former Hilo Sugar Mill for our distillery that is located right on Hilo Bay, and are looking forward to the incredible agricultural opportunities we see with the production of this spirit.

As a local beer, hard seltzer, hard juice and soon to be spirits producer, direct-to-consumer has its benefits to our small businesses, but also to the overall economic growth we can generate here in Hawai'i through exports. But many small craft producers can't take that initial financial risk of launching in a new region. Direct to consumer shipping would not only bring additional tax revenue to the state, but it would allow much needed vetting of new regions that could eventually create traditional distributor partnerships in those areas.

In Hawai'i we often talk about the importance of exporting crops and value-added goods, even wine, direct to consumer from Hawai'i, and that should not exclude beers and spirits. As a state we have also discussed the importance of diversifying our revenue streams to not be so reliant on the tourism industry, and that could effectively be more exports. Passing this bill will not only generate additional revenue to our local breweries and distilleries but it will simultaneously generate more tax dollars to the state. What's more is we would also be creating the potential for lasting engagement with Hawai'i visitors through e-commerce. As a local producer, we get countless requests from visitors who tasted our product on vacation, and now can't find it in their home state groceries...they call and ask can you ship it to us?

Direct to Consumer of beer and distilled spirits and wine is a common practice in multiple states throughout continental US who have vetted the best practices for compliance etc. There are currently 48 states that have approved direct to consumer shipping of wine. We could very well lean on those compliance standards as well as our own vetted practices to ensure we remain within the standard compliance of liquor laws in individual states. Passing this bill has the potential to encourage the growth of our fledgling craft beverage industry to have the opportunity to share our unique and quality products on the world stage.

Thank you so much for your time and consideration of this testimony.

Me ka ha'aha'a,



Co-Founder and President - Ola Brew Co

p. 808.388.6654

e. naehalani@olabrewco.com



HAWAIIAN OLA
BREWING CORPORATION

74-5598 LUHIA ST.
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HAWAI'I, 96740
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P: 808-533-1292 | e:
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Executive Officers

Maile Miyashiro, C&S Wholesale Grocer, *Chair*
Kit Okimoto, Okimoto Corp., *Vice Chair*
Jayson Watts, Mahi Pono, *Secretary/Treasurer*
Lauren Zirbel, HFIA, *Executive Director*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Judiciary and Hawaiian Affairs
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 13, 2025

TIME: 2pm

RE: HB108 HD1 Relating to Intoxicating Liquor
Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in opposition to this measure. We believe that the current three tier system of manufacturers, distributors and retailers is the best system for beer and spirits in our state. This system has functionally allowed for the growth of our distilling and brewing sector, as well as the liquor distribution, and retail sectors in Hawaii. This creates economic growth and jobs, and supports local businesses. The three tier system also helps guard against purchases of beer and spirits by underage persons. Disruption to this system is not necessary and will likely have negative impacts for some of our local businesses. Changing this system could allow minors easier access to alcoholic beverages. For these reasons we ask that this measure be held and we thank you for the opportunity to testify.