

Dear Hawaii State Legislators:

With support from our Hawaii craft distillers and brewers, Kōloa Rum Company is asking for your help in support of HB 108 authorizing statewide and interstate direct-to-consumer (DtC) shipping from direct shipment of distilled spirits and beer by certain licensees and requires the liquor commissions of each county to adopt requisite rules and regulations.

- Permit licensed distilleries within the State of Hawaii to sell and ship products they produce directly to consumers, aged 21 and over, within the State, and other states that allow in- and out-of-state DtC shipments.
- Allow third-party delivery companies the ability to deliver spirits, obtained at a Hawaii distillery, directly to consumers aged 21 and over; and
- Allow adult employees of distilleries to directly deliver their Hawaii-made spirits to consumers aged 21 and over.

Prior to COVID-19, many states—43 in total—allowed DtC sales from wineries; however, only a small number of states permitted such sales from distilleries and breweries. Since then, at least nine (9) states and the District of Columbia now permit DtC shipping by breweries and distilleries.

By making this law, consumers, small and medium sized businesses, and the state will stand to benefit, and it can be done without causing negative consequences such as increasing underage consumption of alcohol, or threats to the 3-tier system regulating the distribution and sale of beverage alcohol products.

This legislation will strengthen economic competition as many of our small craft manufacturers do not produce the volume necessary to sign with a distributor compared to major producers. Moreover, existing regulations are stifling the growth of the craft alcohol beverage industry, which could be easily fixed by modernizing and leveling DtC shipping laws.

The pandemic accelerated the ability and expectation to shop online, and public sentiment supports such adjustments to alcohol laws. Consumer data shows there is overwhelming support for increasing access to distilled spirits and beer through DtC delivery, with such surveys revealing:

- 82 percent of regular craft alcohol drinkers approve of updating laws to authorize DtC.
- 76 percent of consumers would consider purchasing spirits online shipped directly from craft producers to them from outside or within their state.
- 75 percent of consumers agree wine and spirits should be subject to the same laws pertaining to OTC across states.
- Close to one in two (45 percent) have purchased alcohol online direct from a winery.
- 38 percent of respondents report having purchased alcohol online from a producer that was shipped from outside of their state.

Mahalo for your consideration and support!

Bob Gunter
President & CEO

KŌLOA RUM CORP.
KŌLOA RUM CORP. (808) 332.9333 FAX: (808) 332.7650
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WWW.KOLOARUM.COM



January 28, 2025

[COMMITTEE ON CONSUMER PROTECTION & COMMERCE](#)

Rep. Scot Z. Matayoshi, Chair

Rep. Cory M. Chun, Vice Chair

Re: Testimony in Support of HB108: 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.

I write to you today on the 20th anniversary of Maui Brewing Co. 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.

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

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

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.

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. 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', with a long, sweeping horizontal line extending to the right.

Garrett W. Marrero
CEO/Founder

HB-108

Submitted on: 1/28/2025 8:49:21 AM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Steve Haumschild	Lanikai brewing Company	Support	Written Testimony Only

Comments:

Aloha Chair Matayoshi and Vice Chair Chun and members of the CPC 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.

HB-108

Submitted on: 1/28/2025 9:39:45 AM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nicolas wong	Beer Lab Hi	Support	Written Testimony Only

Comments:

HB108 Direct to Consumer

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Scot Z. Matayoshi, Chair

Rep. Cory M. Chun, Vice Chair

Rep. Greggor Ilagan

Rep. Nicole E. Lowen

Rep. Linda Ichiyama

Rep. Lisa Marten

Rep. Kim Coco Iwamoto

Rep. Adrian K. Tam

Rep. Sam Satoru Kong

Rep. Elijah Pierick

My name is Nicolas Wong and I am the founder of Beer Lab Hi we have 3 brewery locations at Puck's Alley, Makiki and Pearlridge Center.

We strongly support this bill as it will allow us to send beer directly to consumers on the neighbor islands and outside of Hawaii. This bill is no different than allowing wine to be sent directly to consumers. Allowing wine to be sent directly to consumers has caused no issues in the past.

This would allow us to create beer clubs and send out products to the mainland allowing us a greater market while keeping the tax dollars in Hawaii (as the sale happens in Hawaii).

Thank you

Nicolas Wong

Beer Lab Hi



808.878.1266
mauiwine.com

HC 1 Box 953
Kula, HI 96790-9304

January 28, 2025

SUPPORT: SB 976 DIRECT TO CONSUMER

Please give your support to HB 108 to allow locally produced beer and spirits to direct ship to customers.

Hawaii supported the wine industry in 2001 and 2006, by allowing direct-to-consumer sales of our locally produced wines to customers on the mainland. At that time, this change was critical for the growth of our company, but in hindsight we had little knowledge of how significant this law was to our overall viability. Without the ability to ship DTC, I do not believe our business could have survived the last 4 years due to the disruption of travel during the pandemic and the Maui fires.

Please allow the same opportunity to other Hawaii businesses that produce locally made beers and spirits. In the last 20 years, the business of DTC has evolved with new technologies, shipping software and revenue tax systems that allow for the safe and legal handling of alcohol beverages to consumers.

Approval of this change allows for growth in manufacturing, greater exposure of Hawaii made products, consumer loyalty and convenience. Should you have any questions regarding how direct shipping has positively impacted Maui Wine, please don't hesitate to contact me.

Thank you for your time and consideration of this important economic opportunity.

Best regards,

Paula J. Hegele
President

January 28th, 2025
RE: HB108
Position: SUPPORT

Aloha Representative Morikawa and Friends,

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. 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. We often talk about the importance of exporting crops and value-added goods from Hawai'i to other desired locations, 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 as reliant on the tourism industry. Passing this bill will only generate additional revenue to our local breweries and distilleries and therefore generate more tax dollars to the state. What's more is we would also be creating the potential for lasting engagement from tourists that enjoy our products as they did while they visit Hawai'i. As a local producer, we get countless requests from visitors who tasted our product on their vacation, in our taprooms or from local retailers, who can't find it in their home state groceries. With the ability to ship direct to these lovers of our products, we would not only be able to appease the requests of potential life long customers, but also vet new potential areas of distribution.

Direct to Consumer of beer and distilled spirits is a common practice in multiple states throughout continental US who have vetted the best practices for compliance etc. We could very well lean on those regulations 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.
KAILUA-KONA
HAWAII, 96740

WWW.OLABREWCO.COM



HB-108

Submitted on: 1/28/2025 11:19:01 AM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Steve Jefferson	Kuleana Rum Works	Support	Written Testimony Only

Comments:

Dear Chair and Members of the Committee,

On behalf of Kuleana Rum Works, I am writing to express strong support for H.B. 108, which would allow direct shipment of beer and distilled spirits by licensed manufacturers in Hawai‘i.

This bill is critical for small manufacturers like us, who face significant challenges in accessing traditional distribution channels. By enabling direct-to-consumer shipping, H.B. 108 provides an opportunity to reach our customers, grow our businesses, and contribute to Hawai‘i’s economy on parity with wineries.

The pandemic highlighted the importance of flexibility and innovation in serving customers, and this measure aligns with modern consumer expectations while supporting local businesses. Importantly, the safeguards in the bill ensure responsible shipping and compliance with all applicable laws.

We urge your favorable consideration of H.B. 108 to support Hawai‘i’s local manufacturers and encourage economic growth.

Mahalo for your time and consideration.

Sincerely,
Steve Jefferson
CEO, Kuleana Rum Works



January 28, 2025

**House Consumer Protection & Commerce Committee
Hawai'i State Legislature**

Dear Members of the Hawai'i Consumer Protection & Commerce 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 growing 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 2024 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 and brewers from across the country 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. House Bill 108 is a simple, straightforward 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
sam@brewersassociation.org
720.837.6935

**HAWAII LIQUOR WHOLESALERS ASSOCIATION
FIVE WATERFRONT PLAZA
500 ALA MOANA BLVD STE 400
HONOLULU, Hawaii 96813**

January 28, 2025

House Committee on
Consumer Protection & Commerce
Representative Scot Z. Matayoshi, Chair
Representative Cory M. Chun, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 108
Hearing Date: January 29, 2025, 2:00 PM

Dear Chair Matayoshi, Vice Chair Chun and Committee Members:

The Hawaii Liquor Wholesalers Association respectfully submits the following written testimony in **opposition** to HB 108 Relating to Intoxicating Liquor.

Section 1 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. 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 the hiring of additional employees and implementation of new procedures, with 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 HB 108. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By: _____

Kenneth G. K. Hoo
Its Secretary

HB-108

Submitted on: 1/28/2025 11:37:11 AM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brett Jacobson	Ola Brew	Support	Written Testimony Only

Comments:

January 28th, 2025

RE: HB108

Position: SUPPORT

Aloha Representative Morikawa and Friends,

My name is Brett Jacobson and I am the CEO 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. 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. We often talk about the importance of exporting crops and value-added goods from Hawai'i to other desired locations, 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 as reliant on the tourism industry. Passing this bill will only generate additional revenue to our local breweries and distilleries and therefore generate more tax dollars to the state. What's

more is we would also be creating the potential for lasting engagement from tourists that enjoy our products as they did while they visit Hawai'i. As a local producer, we get countless requests from visitors who tasted our product on their vacation, in our taprooms or from local retailers, who can't find it in their home state groceries. With the ability to ship direct to these lovers of our products, we would not only be able to appease the requests of potential life long customers, but also vet new potential areas of distribution.

Direct to Consumer of beer and distilled spirits is a common practice in multiple states throughout continental US who have vetted the best practices for compliance etc. We could very well lean on those regulations 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.

HB-108

Submitted on: 1/28/2025 12:23:59 PM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kathleen Conant	NAPALI BREWING COMPANY	Support	Written Testimony Only

Comments:

Dear Members of the Committee,

As the owner of a local, family-owned, small craft brewery with my husband, a Native Hawaiian, I strongly support HB 108, the Direct to Consumer (DTC) Bill. This legislation is essential for creating fairness in the alcohol industry by allowing breweries, mead, and spirits producers like us to ship directly to consumers within the state and across state lines—putting us on parity with wine.

HB 108 is carefully crafted to avoid any unintended changes to the existing wine shipping laws, addressing our needs independently to ensure that wine's rights are not affected. This bill is crucial for the survival and growth of small businesses like ours, and I urge you to support it.

Thank you for your time and consideration.

Mahalo Nui Loa,

Kati Conant

Owner

Napali Brewing Company

HB-108

Submitted on: 1/28/2025 12:25:43 PM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
KEITH MALLINI	KULEANA RUM WORKS	Support	Written Testimony Only

Comments:

Dear Chair and Members of the Committee,

On behalf of Kuleana Rum Works, I am writing to express strong support for S.B. 976, which would allow direct shipment of beer and distilled spirits by licensed manufacturers in Hawai‘i.

This bill is critical for small manufacturers like us, who face significant challenges in accessing traditional distribution channels. By enabling direct-to-consumer shipping, H.B. 108 provides an opportunity to reach our customers, grow our businesses, and contribute to Hawai‘i’s economy.

The pandemic highlighted the importance of flexibility and innovation in serving customers, and this measure aligns with modern consumer expectations while supporting local businesses. Importantly, the safeguards in the bill ensure responsible shipping and compliance with all applicable laws.

We urge your favorable consideration of HS.B. 976 to support Hawai‘i’s local manufacturers and encourage economic growth.

Mahalo for your time and consideration.

Sincerely,

Keith Mallini

Kuleana Rum Works

Keith Mallini

Vice President | Hospitality

808.333.4061



HB-108

Submitted on: 1/28/2025 1:07:02 PM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Eric Dill	KOOLAU Distillery	Support	Written Testimony Only

Comments:

As a proud owner of a Hawaii-based craft distillery, I strongly support Hawaii House Bill HB108 and Senate Bill SB976, which would allow craft distilleries to ship products directly to consumers. This legislation represents a significant opportunity for small businesses like ours to expand into new markets, showcasing the unique and high-quality spirits that Hawaii is capable of producing. By enabling direct-to-consumer shipping, we can connect more directly with customers across the nation who are eager to experience the authentic taste of locally crafted Hawaiian spirits. This not only strengthens our business but also elevates Hawaii's reputation as a destination for exceptional craftsmanship and innovation in the beverage industry.

Allowing direct-to-consumer shipping aligns with Hawaii's broader goals of increasing export opportunities and promoting our state's brand as a producer of premium, world-class products. Each bottle we ship tells a story of Hawaii's natural beauty, cultural heritage, and dedication to quality. This legislation would help us build a global audience for Hawaiian craft spirits, ultimately driving economic growth and supporting our local farmers, suppliers, and communities. HB108 and SB976 empower local businesses to thrive while strengthening Hawaii's image as a place where authenticity and excellence are celebrated on a global scale.



January 28, 2025

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Scot Z. Matayoshi, Chair

Rep. Cory M. Chun, Vice Chair

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

Aloha Chairs, Vice Chairs, and Members of the Committees,

My name is Bret Larson and I live in Wailua, Kauai, Hawai'i. I am owner and founder of Kauai Island Brewing Company, operating locations in Port Allen and Koloa on Kauai.

I write to you today 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.

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.
- 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.
- HB 108 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.

Brewery Location: 4350 Waiolo Rd, Port Allen, HI 96705 Saloon and Whiskey Bar 5460 Koloa, HI 97656

Mailing Address: PO Box 215, Elele, HI 96705

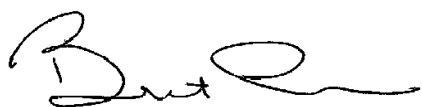
www.kauaiislandbrewing.com

- 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 HB 108. 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 considering our testimony and **APPROVE** HB 108

A handwritten signature in black ink, appearing to read "Bret Larson". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Bret Larson
Kauai Island Brewing Company, LLC.
808-755-5926
bret@kauaiislandbrewing.com

Joshua Kopp
Hana Koa Brewing Co.
962 Kawaiahao Street
Honolulu, HI 96814

LATE

HB108 Relating to Intoxicating Liquor: Direct Shipment of Liquor
House Committee on Economic Development
Wednesday, January 29, 2025

Position: **Support**

I am Joshua Kopp, Head Brewer and Owner of Hana Koa Brewing Co. 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.

Direct to consumer shipping

This bill would allow us to pivot considering the challenges of operating in a more competitive economy. When the pandemic started, we borrowed money in order to purchase a canning line so we could more effectively sell product during the shutdown. This canning line has allowed us to stay afloat by selling to retail establishments and directly to customers through our taproom.

Currently we do not have a distributor as we are a small brewery. Having the ability to ship product to direct to customers inter island and to consumers in states that allow such a transaction would be a game changer. This could be a huge benefactor for the state's tax revenue.

This does a number of things for the state. On top of the increased tax revenue from sales, it also builds exposure for Hawaii's brewery tourism sector. Cities like Denver, Portland, and San Diego already have brewery tourism as a key focus in their tourism industry. By having the ability to send beer to mainland and interisland consumers, we would build this tourism sector through exposure. This would lead to flights, hotels, and other tourist activities being booked by consumers interested in brewery tourism.

We have suffered economic challenges these past few years along with other craft beer manufacturers across the State of Hawaii, with reduced sales and income. We along with other Hawaiian Craft Brewers Guild members are seeking ways to improve our financial stability and direct to consumer shipping offers a chance to increase production and enter new markets by shipping directly to consumers over the age of 21 in other states and within the State of Hawaii to neighbor islands.

We produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brand. Enacting this legislation would have significant beneficial impact for our brewery and other small independent craft breweries across Hawaii.

Direct shipment of wine is already allowed. Adding language allowing export of craft beer and other liquor to other states and direct shipping between islands can be accomplished using a

similar process to what is already in place for wine. Adding language to existing statute benefits our brewery and other Hawaii craft beer and alcohol manufacturers, enabling increased production.

The ability of craft beer producers to access customers through direct shipping by permit helps meet our current needs as we struggle through the financial challenges brought about by our current economic climate. Hawaii's independent craft beer manufacturers are a vibrant and innovative small business sector. This legislation would contribute to stabilization and continuation of the growth of our brewery business.

We request the House Committee on Economic development pass this bill. Mahalo for considering our testimony in support of HB108.

LATE

HB-108

Submitted on: 1/28/2025 2:00:01 PM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Justin Guerber	Kauai Beer Company	Support	Written Testimony Only

Comments:

We at the Kauai Beer Company feel that shipping our beer directly to consumers would allow us to grow our business, as we would be able to sell our products to customers that we are otherwise unable to reach. Currently we only have limited distribution on Kauai, and at our current level, it does not make financial sense to pursue distribution in the rest of the state. Direct to consumer shipping would allow us to sell more of our beer and grow our production levels in a more organic manner. I anticipate we would need to hire multiple additional staff immediately if HB108 were to pass.



LATE

Date: January 29, 2025

To: The Honorable Representative Matayoshi, Chair
The Honorable Representative Chun, Vice Chair
Members of the House Committee on Consumer Protection & Commerce

Re: Opposition of HB108, Relating to Intoxicating Liquor

Hearing: Wednesday, January 29, 2025, at 2:00pm, Conference Room 329

Position: Opposition

Aloha, my name is Rick Collins, the Director of the Hawai'i Alcohol Policy Alliance (Alliance), a program of the Hawai'i Public Health Institute.¹ I am submitting testimony on behalf of the Alliance in OPPOSITION to HB108. HB108 allows for the direct shipment of beer and distilled spirits by certain licensees and requires the liquor commission of each county to adopt rules and regulations.

I wish to highlight the scientific evidence demonstrating how increased alcohol availability, including direct-to-consumer shipping, leads to higher consumption and exacerbates alcohol-related harms.

Increased Availability Leads to Increased Consumption

Decades of public health research has established a clear link between alcohol availability and consumption. Greater access leads to higher rates of use, which in turn escalates public health and safety concerns². Alcohol shipping expands access beyond traditional retail models, removing barriers such as travel, time, and social accountability, thereby facilitating excessive and impulsive consumption.

Studies consistently show that increased alcohol availability correlates with higher levels of alcohol use and related harms. For example, a systematic review by Popova et al. (2009) found that policies increasing alcohol availability led to a measurable increase in consumption and

¹ Hawai'i Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

² Babor, T., et al. (2010). *Alcohol: No Ordinary Commodity – Research and Public Policy*. Oxford University Press



alcohol-related injuries, violence, and chronic health conditions.³ Similarly, research has demonstrated that expanding alcohol sales through new outlets leads to increased alcohol purchases and higher incidences of alcohol-related harm.⁴

Public Health Risks of Alcohol Delivery and Shipping

Underage Access and Youth Consumption: Online and delivery sales reduce the ability to verify identification effectively, increasing the risk of underage access. Research found that underage individuals were able to purchase alcohol online with alarming ease, with many deliveries being completed without proper age verification.⁵

Moreover, postal workers are not properly trained in how to effectively verify identification, nor how to effectively refuse to deliver in instances where underage access is suspected or any other number of potential reasons as to why refusal to deliver may be necessary.

Excessive Consumption and Binge Drinking: The convenience of home delivery eliminates natural restrictions, such as the effort required to travel to a store, leading to increased consumption. One study found that home alcohol stockpiling is associated with higher levels of binge drinking, particularly among individuals prone to heavy drinking.⁶

Increased Alcohol-Related Harms: The Centers for Disease Control and Prevention (CDC) has identified excessive alcohol consumption as a major contributor to motor vehicle accidents, violent crime, and chronic diseases. Studies have shown that alcohol-related emergency room visits increase in areas where alcohol availability is expanded.⁷

The expansion of alcohol direct-to-consumer shipping presents a clear and present danger to public health. The evidence demonstrates that increased availability leads to higher consumption, greater underage access, and increased alcohol-related harms. We strongly urge you to oppose HB108 to ensure that we safeguard public health and safety over commercial convenience.

³ Popova, S., et al. (2009). "Hours and days of sale and density of alcohol outlets: Impacts on alcohol consumption and damage." *Alcohol and Alcoholism*, 44(5), 500-516.

⁴ Gruenewald, P. J., et al. (2014). "The relationship of drinking patterns to alcohol-related consequences: A comparison of younger and older adults." *Addiction*, 109(10), 1634-1642.

⁵ Williams, R. S., & Ribisl, K. M. (2012). "Internet alcohol sales to minors." *Archives of Pediatrics & Adolescent Medicine*, 166(9), 808-813.

⁶ Kerr, W. C., et al. (2018). "Changes in alcohol consumption and binge drinking in the U.S. during the early 21st century." *Alcoholism: Clinical and Experimental Research*, 42(3), 496-506.

⁷ Toomey, T. L., et al. (2012). "Alcohol sales and alcohol-related emergencies in urban settings." *American Journal of Public Health*, 102(11), e53-e56.



Mahalo for your consideration of our testimony in opposition to HB108. If you have any questions, please feel free to contact me at rick@hiphi.org or (808) 591-6508, x22.

Rick Collins

Director
Hawai'i Alcohol Policy Alliance

HB-108

Submitted on: 1/28/2025 2:12:04 PM

Testimony for CPC on 1/29/2025 2:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Testify
Jeffrey Hong	Individual	Support	Written Testimony Only

Comments:

I testify in strong support of HB108. We need to provide the opportunity for licensed manufacturers of all alcoholic beverages in our State to maximize their ability to sell products.

This bill will enhance the competitiveness of our local businesses. I ask for your support of this bill.

Mahalo for the opportunity to testify.

Jeffrey Hong

HB-108

Submitted on: 1/28/2025 7:27:24 PM

Testimony for CPC on 1/29/2025 2:00:00 PM

LATE

Submitted By	Organization	Testifier Position	Testify
Alexandra Haban	Individual	Support	Written Testimony Only

Comments:

Testimony in Support of HB 108 – Direct to Consumer Bill

Chairperson and Members of the Committee,

I am writing to express my enthusiastic support for HB 108, the Direct to Consumer (DTC) Bill, which is scheduled to be heard on January 29th at 2pm. As a strong advocate for this bill, I want to emphasize the positive impact this legislation will have on both consumers and businesses in our community.

HB 108 represents a significant step forward by allowing the direct shipment of alcohol products, both within our state and across state lines. This is a critical measure that will help create a more level playing field by putting us on parity with wine shipments, which already enjoy the ability to be sold and shipped directly to consumers. This bill gives consumers greater access to a variety of products and provides businesses with much-needed opportunities to expand their reach.

From a business perspective, the DTC model is a win for all involved. It opens new avenues for local producers and vendors to connect with their customers, increases competition, and strengthens the state's economy. By allowing shipments directly to consumers, HB 108 reduces logistical hurdles and helps businesses better serve their clients in an efficient and cost-effective manner.

Additionally, this bill will help ensure that consumers have more choice, convenience, and access to quality products. It enhances the ability for residents to receive the products they enjoy, regardless of geographical limitations, while ensuring that the proper safeguards are in place for responsible consumption and distribution.

Given that testimony is due by 2pm on January 29, 2025, I strongly encourage the committee to support this important legislation. HB 108 is a forward-thinking bill that will benefit consumers, businesses, and the community as a whole. I urge the committee to pass this bill and help bring our liquor laws into alignment with modern practices.

Thank you for considering my testimony.

Sincerely,
Alexandra Haban
Kvasir's Mead

LATE

HB-108

Submitted on: 1/29/2025 10:32:49 AM

Testimony for CPC on 1/29/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Theresa Lewis	Individual	Support	Written Testimony Only

Comments:

Aloha Legislators,

I am writing to express my concern regarding the current limitation of direct-to-consumer (DTC) shipping of alcoholic beverages, which is restricted only to wineries. This restriction places beer and spirits producers, particularly smaller businesses, at a significant disadvantage. Many of these smaller manufacturers struggle to find distributors willing to take them on, limiting their reach and growth opportunities.

Allowing DTC shipping for all alcohol producers—not just wineries—would level the playing field and provide smaller businesses in the beer and spirits industries the same opportunities to connect with consumers directly. This would also encourage competition, innovation, and consumer choice, while giving smaller businesses a fairer chance to thrive in an increasingly competitive market.

I urge you to consider expanding DTC shipping to include all alcohol producers, ensuring a more equitable landscape for businesses of all sizes.

Thank you for your time and consideration.

Sincerely,

Theresa Lewis