

# **SB 1151 SD1**

## **RELATING TO INTOXICATING LIQUOR**

Authorizes restaurants and retail dealers with a liquor license to sell beer, malt beverages, or cider for off-premises consumption, under certain conditions. Authorizes brewpubs and small craft producer pubs with a liquor license to sell malt beverages purchased from another liquor licensee for off-premises consumption.

Effective July 1, 2020. (SD1)

CPN, PSM

**LIQUOR COMMISSION  
CITY AND COUNTY OF HONOLULU**

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ASSISTANT ADMINISTRATOR

February 23, 2015

Senator Will Espero, Chair  
Senator Rosalyn H. Baker, Vice Chair  
Committee on Public Safety, Intergovernmental and Military Affairs

**Hearing:** Tuesday, February 24, 2015  
1:15 p.m.; Room 229

**Position:** Providing Comments on SB 1151 SD1, Relating to Intoxicating Liquor

Dear Chair Espero, Vice Chair Baker, and Members:

The Liquor Commission, City and County of Honolulu (Commission), provides the below comments on Senate Bill 1151 SD1, Relating to Intoxicating Liquor:

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

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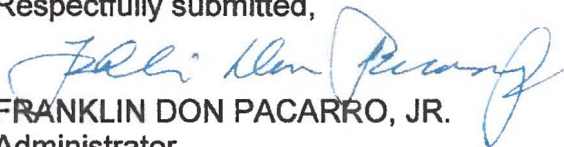
<sup>1</sup> The Alcohol and Tobacco Tax and Trade Bureau (TTB) considers hard cider to be a wine product (See 27 CFR Sec. 4.21 (e)(5)).

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 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 Senate Bill 1151 SD1, Relating to Intoxicating Liquor.

Respectfully submitted,

  
FRANKLIN DON PACARRO, JR.  
Administrator

FDP:ACH



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TO:  
COMMITTEE ON PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS  
Senator Will Espero, Chair  
Senator Rosalyn H. Baker, Vice Chair, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: February 24, 2015  
TIME: 1:15pm  
PLACE: Conference Room 229

RE: SB1151

Position: Support

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

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

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

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

Thank you for the opportunity to testify.



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

February 23, 2015

Senate Committee on  
Public Safety, Intergovernmental and Military Affairs  
Senator Will Espero, Chair  
Senator Rosalyn H. Baker  
Hawaii State Capitol  
Honolulu, HI 96813

Re: SB 1151, SD1 Relating to Liquor

Dear Chair Espero, Vice Chair Baker, and Committee Members:

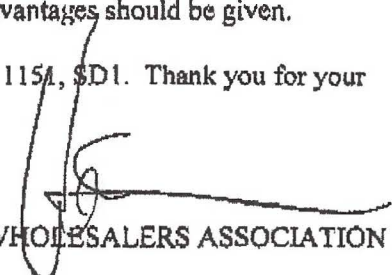
The Hawaii Liquor Wholesalers Association ("HLWA"), respectfully submits the following written testimony in opposition to SB 1151, SD1 relating to intoxicating liquor, which is to be heard by your Committee on February 24, 2015.

This bill would permit restaurants and retailers to sell beer, malt beverages, or cider for off premises consumption provided the liquor is sold in a sealed or covered container sold to or provided by the patron not exceeding one half gallon. There are no safeguards provided as to how restaurants or retailers would obtain the liquor, dispense or store same safely in accordance with law and to protect the health interests of the general public. The liquor laws and rules of each Liquor Commission must be adhered to before any consideration should be given to allow sale of liquor by restaurants and retailers in this fashion.

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

For the foregoing reasons, we respectfully oppose SB 1151, SD1. Thank you for your consideration of the foregoing.

Very truly yours,

  
HAWAII LIQUOR WHOLESALERS ASSOCIATION