

Honolulu, Hawaii

APR 05 2018

RE: H.B. No. 2411
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 2411, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify the definition of growler;
- (2) Permit a class 18 small craft producer pub licensee to manufacture not more than one hundred thousand barrels of malt beverages on the licensee's premises during the license year;
- (3) Clarify that a class 14 brewpub licensee or class 18 small craft producer pub licensee may conduct certain activities at locations other than the licensee's primary manufacturing premises under certain conditions; and
- (4) Allow direct shipment of all forms of liquor, rather than just wine, by certain licensees.

Your Committee received testimony in support of this measure from the Hawaiian Craft Brewers Guild; Maui Brewing Co.; Kauai



Beer Company; Kauai Island Brewing Company, LLC; Beer Lab Hawaii; Honolulu BeerWorks; Lanikai Brewing Company; REAL a gastropub; Waikiki Brewing Company; and Kona Brewing Co. Your Committee received comments on this measure from the Liquor Commission of the City and County of Honolulu.

Your Committee finds that the popularity of growlers, a type of container used to transport beer, continues to increase. Although growlers were originally made of glass, they are now made from a wider range of environmentally friendly reusable or recyclable materials. This measure reflects this change in container materials by defining growler as a recyclable or reusable container not to exceed one gallon.

Your Committee further finds that the State's craft breweries are increasing in number, through the addition of new start-up brewery businesses and the expansion of existing businesses. Breweries that have an initial or primary manufacturing premises may wish to expand to a new establishment, sometimes in another county. This measure addresses inconsistencies in existing law by allowing a satellite location, which may not be a manufacturing facility, to conduct activities such as dispensing and retail sales under the same trade name as the original licensee, under certain conditions. Your Committee notes that this measure still requires the satellite locations to be properly licensed. However, a satellite location would not be required to obtain a license to manufacture, if no manufacturing would be occurring at the second location. Rather, the second satellite location would be expected to hold a class license that reflects the business activities conducted at that location.

Your Committee additionally finds that existing law allows the direct shipment of wine. This measure achieves parity across all categories of beverage alcohol by permitting direct shipment of specified amounts of beer, spirits, and wine. Your Committee notes that start-up breweries and smaller craft breweries usually lack access to distributors who will export their beer out of the State. This measure therefore provides an opportunity for Hawaii's craft beer businesses to offer products through direct sales to new markets and a wider customer base.

Your Committee has amended this measure by:



- (1) Clarifying that a class 14 brewpub licensee or class 18 small craft producer pub licensee may conduct certain activities at satellite locations other than the licensee's primary manufacturing premises under certain conditions;
- (2) Clarifying that each licensee satellite location is under the jurisdiction of the county liquor department of the county in which the licensee satellite is located and specifying that the requirements of the liquor class for that location shall be in effect for the satellite licensed premises;
- (3) Clarifying that a class 18 small craft producer pub licensee is permitted to manufacture not more than one hundred twenty-five thousand, rather than one hundred thousand, barrels of malt beverages on the licensee's premises during the license year;
- (4) Changing its effective date to July 1, 2018; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2411, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2411, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 2411 HD2</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPH</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">4/3/18</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	<div style="font-size: 1.2em; font-family: cursive;">K</div>			
TOKUDA, Jill N. (VC)				<div style="font-size: 1.2em; font-family: cursive;">K</div>
CHANG, Stanley	<div style="font-size: 1.2em; font-family: cursive;">K</div>			
ESPERO, Will	<div style="font-size: 1.2em; font-family: cursive;">K</div>			
IHARA, Jr., Les	<div style="font-size: 1.2em; font-family: cursive;">K</div>			
NISHIHARA, Clarence K.				<div style="font-size: 1.2em; font-family: cursive;">K</div>
RUDERMAN, Russell E.	<div style="font-size: 1.2em; font-family: cursive;">K</div>			
TOTAL	<div style="font-size: 1.5em; font-family: cursive;">5</div>			<div style="font-size: 1.5em; font-family: cursive;">2</div>
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 1.5em; font-family: cursive; margin-top: 10px;">  </div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes