

# CRAFT *Ohana*

February 26, 2023

House Committee on Consumer Protection and Commerce  
HB374 Relating to Alcohol  
February 28<sup>th</sup>, 2023 at 2pm

Re: **IN SUPPORT OF HB374 with Amendment**

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

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

I am writing on behalf of myself and our local family-operated business in support of **HB374** which amends the definition of beer to align with the Federal definitions under Tax & Trade Bureau and the Internal Revenue Code. I would like to point out that there are 2 identical House bills on this topic. **HB647** and **HB374** both seek to amend the definition as outlined. **HB647** has passed CPC and will be heard by FIN on Tuesday.

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

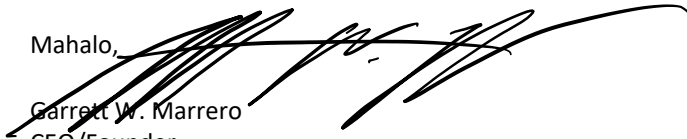
Why is this important? The current definition of beer does not properly fit today's needs as new fermented beverages such as gluten-free beer, non-alcoholic beer, seltzers fermented from malt (FMBs) or sugar (FSBs) and more. These beverages are commonly accepted as beer by both the TTB and IRS under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

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

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

Mahalo for your consideration. We urge you to pass this bill with amendments. Thank you for the opportunity to provide testimony in support of **HB374**.

Mahalo,

  
Garrett W. Marrero  
CEO/Founder

**MAUI**  
HARD SELTZER

*Modern  
Times*  
BEER

**MAUI**  
BREWING CO

*Modern  
Times*  
COFFEE

**KUPU**  
— SPIRITS —

**HB-374**

Submitted on: 2/26/2023 10:15:03 PM

Testimony for CPC on 2/28/2023 2:00:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| Geoffrey Seideman   | Honolulu BeerWorks  | Support                   | Written Testimony<br>Only |

Comments:

SUPPORT



info@beerlabhi.com  
www.beerlabhi.com

## Nicolas Wong

President  
3266 Kalua PL  
Honolulu, HI 96816

HB 374– Expands the definition of "beer" under the State's liquor tax and liquor regulatory laws, to specify that the term includes an alcohol by volume of no less than 0.5 per cent and alcohol seltzer beverages

Tuesday, February 28, 2023, 2:00pm Conference room 329

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

### **SUPPORT**

My name is Nicolas Wong and I am the owner of Beer Lab HI. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

I am a board member of the HCBG. Our brewery along with the other member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

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

#### Addition of "Beer" to brewpub license

This bill will clarify the definition of what a "brewpub liquor license" may sell. It will allow a brewpub license to sell "beer".

Along with HB647 which expands the definition of beer to include seltzers.

We ask that the second portion of the bill be added to HB 647

"(n) Class 14. Brewpub license. A brewpub licensee:

(1) May sell malt beverages and beer manufactured on the licensee's premises for consumption on the premises;



info@beerlabhi.com  
www.beerlabhi.com

(2) May sell malt beverages and beer manufactured by the licensee in brewery-sealed packages to class 3 wholesale dealer licensees pursuant to conditions imposed by the county by ordinance or rule;

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a horizontal line and a loop.

**HB-374**

Submitted on: 2/27/2023 11:34:24 AM

Testimony for CPC on 2/28/2023 2:00:00 PM

| <b>Submitted By</b> | <b>Organization</b>     | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|-------------------------|---------------------------|---------------------------|
| Steve Haumschild    | Lanikai brewing Company | Support                   | Written Testimony<br>Only |

Comments:

I am Steve Haumschild, CEO and founder of Lanikai Brewing Company located in Kailua Hawaii. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

I am a board member of the HCBG. Our brewery along with the other member breweries of the Hawaiian Craft Brewers Guild embrace the responsible consumption of alcohol.

This bill mostly modernizes definitions that are currently in place at the Federal level for the TTB Alcohol, and Tobacco Tax and Trade Bureau to include fermented seltzers in its definition. It allows local producers to continue to develop made in Hawaii products for sale and distribution consistent with State and Federal law without inconsistencies.

Mahalo for considering our testimony.

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



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

DATE: Tuesday, February 28, 2023  
TIME: 2:00 PM  
PLACE: VIA VIDEOCONFERENCE  
Conference Room 329  
State Capitol  
415 South Beretania Street

HB374 Relating to Alcohol  
Position: **Support**

My name is Justin Guerber and I am the Head Brewer of Kauai Beer Company. We are an independent craft brewery producing 100% of our beer in Hawaii. We are united with other members of the Hawaiian Craft Brewers Guild in our pursuit to promote economic activity and growth for Hawaii's beer manufacturers and enhance opportunities in our communities.

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

Definition of Beer

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

Mahalo for considering our testimony in support of HB374.

**HB-374**

Submitted on: 2/27/2023 12:26:34 PM

Testimony for CPC on 2/28/2023 2:00:00 PM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|---------------------|---------------------------|---------------------------|
| islandhopper        | Mahalo Aleworks     | Support                   | Written Testimony<br>Only |

Comments:

We, an independent craft brewery on Maui, support but recommend the passage of HB647