

# CRAFT *Ohana*

March 15, 2023

Senate Committee on Judiciary & Hawaiian Affairs  
SB687 Relating to Intoxicating Liquor

Re: **IN SUPPORT OF SB687**

Aloha Chair Senator Tarnas, Vice Chair Senator Takayama, 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 the Hawaii, 23 other States, and 4 countries. We began in 2005 with 26 team members and have added more than 400 team members across Hawaii. I was selected as the National Small Business-Person of the year in 2017 for my work at Maui Brewing Co.

I am writing on behalf of myself and our local family-operated business in support of **SB687** which expands the barrelage limitation on production of beer.

As I write this testimony I continue to ask myself "Why in the world does a limit exist on how much beer a local brewer can brew?". This is a question no legislator, lawmaker, or industry member has ever been able to answer effectively. The one answer I've ever gotten 'because that's the way it's always been that way'. I propose that this is not a good reason. This bill exists to raise the limit that some breweries are rapidly approaching and seeks to increase the thresholds. This allows us to continue to grow and create more local manufacturing jobs.

When I first began fighting for change in beer back in 2005 I spoke about creating an industry here in Hawai'i that had never existed. There we 6 breweries then, 2 failed shortly after and as we were able to amend laws (growlers, barrelage limits, license classes, abilities, etc) breweries began to open. Currently Hawai'i boasts 30 breweries with more in planning, we've collectively been able to put Hawai'i on the map of "craft beer" and a vibrant "beer tourism" exists within our State that supports local agriculture endlessly.

Supporting this bill does nothing more than allows us all to continue to grow, hire, support, and ultimately pay more in taxes as we produce more beverages. Keeping in mind for anyone in opposition that limiting our growth does nothing to limit alcohol sales but instead forces the consumer to pick mainland and foreign produced beverages rather than locally made ones.

Mahalo in advance for passing **SB687**.

Sincerely,



Garrett W. Marrero  
CEO/Founder

**MAUI**  
HARD SELTZER

*Modern  
Times*  
BEER

**MAUI**  
BREWING CO

*Modern  
Times*  
COFFEE

**KUPU**  
— SPIRITS —

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

March 14, 2023

House Committee on Judiciary & Hawaiian Affairs  
Representative David A. Tarnas, Chair  
Representative Gregg Takayama, Vice Chair  
State Capitol, Conference Room 325  
415 S. Beretania St.  
Honolulu, Hi 96813

Re: SB 687 SD1 - RELATING TO INTOXICATING LIQUOR  
Hearing Date: March 15, 2023, 2:15 PM

Dear Chair Tarnas, Vice Chair Takayama, and Committee Members:

The Hawaii Liquor Wholesalers Association respectfully submits the following written testimony in **opposition** to SB 687 SD1 Relating to Intoxicating Liquor.

This bill would amend Chapter 281-31 (r) to substantially increase the amount of malt beverages, wine and alcohol that a Small Craft Producer Pub Licensee (“pubs”) can manufacture by 114% for malt beverages, 50% for wine and 1900% for alcohol. Such significant increases are not justified.

The Small Craft Producer Pub License was created to help support small local producers by extending special allowances that are not permitted with a Class 1 manufacturers license, like the ability to sell direct to the consumer and retailers and to have a bar or premises with entertainment for public consumption. The substantial increases proposed in this bill would allow pubs to manufacture amounts of liquor disproportionate to the scale of the marketplace and contrary to the intent of the class of license. For example, one hundred fifty thousand barrels of malt beverages is the equivalent of 4,650,000 gallons, which is more than 2 million cases, or more than one case for every resident, adult or child, of Hawaii. Such quantities are more appropriate in Hawaii for a Class 1 manufacturers license.

In alignment with the intent of the pub license, any increases to the current quantity limitations should be coupled with an appropriate repeal of special allowances, possibly in tiers, toward Class 1 license.

Hawaii pubs already have been given special allowances which favor them over other manufacturers, in state and out of state. This bill increases the special allowances and make it more susceptible to constitutional challenges under the dormant commerce clause. Accordingly,

language should be added to provide that if any special allowance provision is determined by a court or other authority of competent jurisdiction to be invalid or unconstitutional, such provision shall be stricken and the remaining provisions shall be construed to further limit rather than expand commerce in alcoholic beverages through the three-tier regulatory system.

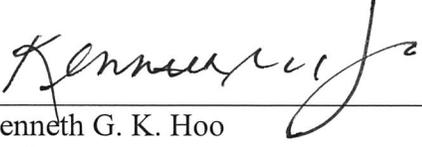
Also please consider the environmental impacts relative to the scale of our islands' ability to sustainably support the resources and ingredients needed to manufacture the products in determining appropriate quantity limits. The water alone to make the proposed increase in malt beverages would strain each county's natural resources as it takes an estimated seven (7) gallons of water to make one gallon of malt beverage.

Based on the above, we respectfully oppose HB 687 S.D.1. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By: \_\_\_\_\_

  
Kenneth G. K. Hoo  
Its Secretary

**SB-687-SD-1**

Submitted on: 3/15/2023 7:58:19 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Bret Larson	Kauai Island Brewing Company	Support	Written Testimony Only

Comments:

I stand by my testimony in support of this bill

**SB-687-SD-1**

Submitted on: 3/15/2023 8:04:29 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

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

Comments:

SUPPORT

**SB-687-SD-1**

Submitted on: 3/15/2023 8:13:57 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jim Guerber	Kauai Beer Company	Support	Written Testimony Only

Comments:

support

**SB-687-SD-1**

Submitted on: 3/15/2023 8:14:04 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Pat Korn	Waikiki Brewing Co.	Support	Written Testimony Only

Comments:

Waikiki Brewing supports this bill to help employ Hawaiians and support the local community. Thank you for your time.

Pat Korn/Brewmaster

**SB-687-SD-1**

Submitted on: 3/15/2023 8:33:46 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Thomas Kerns	Big Island Brewhaus LLC	Support	Written Testimony Only

Comments:

Aloha, we feel strongly that manufacturers in Hawaii be afforded the freedom to grow to a natural and sustainable size of production that would be a natural economy of scale. Thus we support this increase in the allowance of production for Hawaii craft brewers.

**SB-687-SD-1**

Submitted on: 3/15/2023 9:19:23 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Paula Hegele	Maui Wine Ltd	Support	Written Testimony Only

Comments:

SUPPORT! Please help our industry with support of growth not additional restrictions.

Mahalo - Paula Hegele, President

**SB-687-SD-1**

Submitted on: 3/14/2023 9:26:08 AM

Testimony for JHA on 3/15/2023 2:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
S Perry - concerned citizen	Individual	Oppose	Written Testimony Only

Comments:

One hundred fifty thousand barrels of malt beverages.

31 gallons or wine gallons of liquor per barrel.

It takes 7 to 10 gallons of fresh water to make 1 gallon of beer.

150,000 barrels times 31 gallons = 4,650,000 gallons of beer times 7 = 32,550,000 gallons of fresh water.

Does Maui County have enough fresh water to sustain this level of manufacturing when Maui County is regularly under a drought condition?

Just something to think about before approving a bill that would increase the limits of production.

Thank you