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March 17, 2025

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL**

ON

HB 108, HD 2, RELATING TO INTOXICATING LIQUOR
Senate Committee on Commerce and Consumer Protection
Senate Committee on Energy and Intergovernmental Affairs
Thursday, March 20, 2025

9:30 a.m.

Conference Room 229
Via Videoconference

Dear Chair Keohokalole, Chair Wakai, and Members of the Committees:

Thank you for this opportunity to provide testimony in SUPPORT of HB 108, HD 2, Relating to Intoxicating Liquor. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of HB 108, HD 2, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of HB 108, HD 2. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

JY:ss

DEPARTMENT OF LIQUOR CONTROL

GERALD T. RAPOZO, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

Testimony of Gerald T. Rapozo

Director, County of Kaua'i Department of Liquor Control

Before the

Senate Committee on Commerce and Consumer Protection
Senate Committee on Energy and Intergovernmental Affairs

Thursday, March 20, 2025; 9:30 AM
Conference Room 229 and Videoconference

In consideration of

House Bill 108 HD2 Relating to Intoxicating Liquor

Honorable Chair Keohokalole, Honorable Chair Wakai, Vice Chair Fukunaga, Vice Chair Chang,
and Members of the Committees:

The County of Kaua'i Department of Liquor Control supports House Bill 108 which would allow licensed Manufacturers in the State of Hawaii, under Class 1, 14 and 18 to be able to ship beer and distilled spirits to reciprocal states as are currently allowed for wine.

This legislation would allow smaller manufacturers to distribute their products who would not otherwise be able to due to their smaller operations.

Thank-you for the opportunity to provide testimony on this matter.

Sincerely yours,

GERALD T. RAPOZO
Director



Lanikai Brewing Company
175 Hamakua Drive, Unit C
Kailua, Hawaii 96734
www.lanikaibrewing.com

HB108 HD2 SUPPORT

Aloha Chair, Vice Chair, and members of the CPN/EIG committees,

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.

Can minors get access to alcohol from shipments? NO, this is no different than shipping wine. The major carriers have specialty labels and processes requiring signatures for those over 21 to sign for a package. Minors are not likely to order high end products or specialty items even if they could.

This is not a replacement of a 3 tiered system, this system is already in place with wineries. This is a supplement for it. In Hawaii, we always talk about supporting local businesses and diversifying our economy, this bill does exactly that.

Wholesalers will argue many points, but most importantly, these wholesalers are not distributed in 50 states and will not ship our products to 50 states anyways. This bill would not impact wholesalers since they are not operating in those states.

A vote in favor of this bill is a vote for small businesses and producers in Hawaii working to diversify our economy and grow to be able to eventually export more made in Hawaii products. More products made locally, supports more local jobs and all the affiliate tax basis to the State.

A vote against this bill is a DIRECT VOTE AGAINST SUPPORTING LOCAL PRODUCERS in favor of large, out of state funded wholesalers.

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.

Aloha members of of the CPC committee,



CEO & Brewmaster, Certified Cicerone®
Lanikai Brewing Company, Lanikai Spirits both Island Inspired™
Brewery/Distillery @ 175-C Hamakua Dr, Kailua, HI 96734
Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734 everyday 12p-10p
***Coming soon Brewpub on North Shore of Oahu
FB: Lanikai Brewing Company, Instagram: @lanikaibrewing

Lanikai Brewing Company, Island Inspired™ Craft Beer
Brewery @ 175-C Hamakua Dr, Kailua, HI 96734
Tap & Barrel @ 167 Hamakua Dr, Kailua, HI 96734
FB: Lanikai Brewing Company, Instagram: @lanikaibrewing



February 20, 2025

Aloha,

When I helped start Koloa Rum in Kauai in 2009, there were fewer than 75 distilleries in the entire country. In the years since, consumer interest in locally made spirits has boomed, with craft distilleries now numbering more than 3,000 nationwide. But the laws governing our industry have yet to catch up with this explosive growth. Among the most damaging examples has been our inability to sell bottles online and ship them directly to customers.

This is particularly frustrating given that the laws don't apply to other alcohol producers. For decades, winemakers have managed alcohol shipments responsibly, with ample compliance safeguards to prevent alcohol from falling into the hands of minors. During the pandemic we found the same to be true for distillers. We had not one single compliance issue. Today, 47 states plus D.C. allow direct shipments of wine, but only nine states plus D.C. permit direct shipping of distilled spirits. This is because at the time DTC shipping was made legal for winemakers, there were hardly any craft distillers. The laws simply haven't caught up.

Passage of HB108 HD1, with an effective date of July 1, 2025, would bolster not just craft distillers and brewers, but the hundreds of jobs our industry supports.

Distributors and retailers will always be our first choice for bringing our products to market, but DTC shipping allows craft distillers and brewers to measure the level of demand for specialty bottles before we bring them to distributors. Further, the sheer number of products from new distilleries and brewers is overloading traditional distributors and retailers. DTC shipping can provide another way to bring these products to market.

Of course, our customers also win big as validated by a survey conducted by the Distilled Spirits Council which found that 80% of consumers believe distillers should be allowed to ship to legal-age consumers in any state.

It's time to modernize laws to meet the growth of the craft distilling industry. Laws that give consumers the right to choose the spirits they want, purchase them at their convenience, and have them shipped to their homes will boost the ability of companies like ours to grow, compete, and hire.

Mahalo - Bob Gunter President & CEO

2-2741 Kaunualii Highway, Suite C, Kalaheo, Hawaii 96741
808-332-9333 Phone / 808-332-7650 Fax
WWW.KOLOARUM.COM



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Executive Officers

Maile Miyashiro, C&S Wholesale Grocer, *Chair*
Kit Okimoto, Okimoto Corp., *Vice Chair*
Jayson Watts, Mahi Pono, *Secretary/Treasurer*
Lauren Zirbel, HFIA, *Executive Director*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Commerce and Consumer Protection and Committee on Intergovernmental Affairs

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: March 20, 2025

TIME: 9:30am

RE: HB108 HD2 Relating to Intoxicating Liquor

Position: Oppose

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

HFIA is in opposition to this measure. We believe that the current three tier system of manufacturers, distributors and retailers is the best system for beer and spirits in our state. This system has functionally allowed for the growth of our distilling and brewing sector, as well as the liquor distribution, and retail sectors in Hawaii. This creates economic growth and jobs, and supports local businesses. The three tier system also helps guard against purchases of beer and spirits by underage persons. Disruption to this system is not necessary and will likely have negative impacts for some of our local businesses. Changing this system could allow minors easier access to alcoholic beverages. For these reasons we ask that this measure be held and we thank you for the opportunity to testify.

**Testimony in Support of H.B. 108 H.D. 2
Relating to Intoxicating Liquor**

Hearing Date: Thursday, March 20, 2025

Time: 9:30 AM

Place: Conference Room 229, State Capitol, 415 South Beretania Street

Committee On Commerce And Consumer Protection & Committee On Energy And Intergovernmental Affairs

Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang, and Members of the Committee:

I am writing on behalf of Kauai Beer Company in strong support of H.B. 108, H.D. 2, which would allow breweries and distilleries to ship directly to consumers, just as wineries have been permitted to do for years. Expanding direct-to-consumer shipping is a critical step toward market parity, ensuring that Hawaii's breweries and distilleries can compete fairly while contributing to the state's economy.

As a local brewery, our ability to reach new customers is currently restricted by limited distribution options. Direct shipping would open new markets, increasing sales, generating additional tax revenue for the state, and allowing us to expand our staff to meet demand. Wineries have successfully shipped their products under existing safeguards, proving that a well-regulated system can work effectively. Extending these same opportunities to breweries and distilleries is a logical and fair next step.

This bill supports local businesses, fosters economic growth, and modernizes Hawaii's alcohol laws without compromising public safety. I urge the committee to pass H.B. 108, H.D. 2 to provide breweries and distilleries the same opportunities already afforded to wineries.

Mahalo for your time and consideration.

Sincerely,

Justin Guerber

Kauai Beer Company
4265 Rice st
Lihue, HI 96766
justin@kauaibeer.com



March 20, 2025

To: Chair Jarrett Keohokalole and Members of the Senate Committee on Commerce and Consumer Affairs
Chair Glenn Wakai and Members of the Senate Committee on Energy and Intergovernmental Affairs

From: Kona Brewing Hawaii
Nathalie Carisey; President

RE: HB108 HD2; Relating to Intoxicating Liquor; **In Support**
March 20, 2025; Conference Room 229

Kona Brewing Hawaii **supports** HB108 HD2, which allows direct shipment of beer and distilled spirits by certain licensees.

This legislation would create the opportunity for Hawaii's local beer producers to ship products directly to their customers, opening up the potential for revenue growth and economic benefit to the state. This is particularly important for small craft producers who may not have significant opportunities for more conventional distribution. Ultimately, this measure is about parity, fairness, and supporting small businesses. We urge you to please pass this important bill.

Kona Brewing Hawaii continues to run our flagship brewery in a state-of-the-art, 30,000 square-foot facility. We produce 65,000 barrels of malt beverages annually, all of which are sold in Hawaii. For over 30 years, Kona Brewing has proudly invested in the future of Hawaii, and therefore feels passionate about promoting the growth of the craft beer industry while advocating for environmental responsibility, community wellness, and sustainability.

Mahalo for the opportunity to provide testimony in support of HB108 HD2.



KAUAI ISLAND BREWING CO.

PORT ALLEN, HAWAII

March 17, 2025

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Senator Glenn Wakai, Chair
Senator Stanley Chang, 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.

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

Mailing Address: PO Box 215, Elele, HI 96705

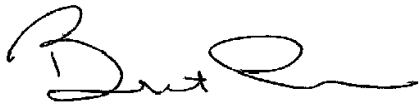
www.kauaiislandbrewing.com

- 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.
- 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



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



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Honolulu, Hawaii 96813-5391
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Fax: (808) 591-2039
E-mail: mail@abcstores.com

March 17, 2025

Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Senate Committee on
Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 108 HD2
Hearing Date: March 20, 2025, 9:30 AM

Dear Chair Keohokalole, Chair Wakai, Vice Chair Fukunaga, Vice Chair Chang and
Committee Members:

We respectfully submit the following written testimony in **opposition** to HB108 HD2
Relating to Intoxicating Liquor.

Section 2 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.

While this bill has been supported by local breweries, what they fail to point out is that allowing direct shipment intrastate will also allow out of state beer and spirit manufacturers to ship directly to consumer households.

This 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 products 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 products. This would create numerous oversight issues regarding liability of the producers and shippers.



*The
Store
With
Aloha*

ABC Stores
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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 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. A preliminary investigation on Hawaii County started in 2025 shows 150 potential shippers without permits, and in response to Hawaii County letter inquiries sent just one week ago, one retailer already admitted that it did not know it was illegal to ship without a permit.

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 and retailers 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 funding for the hiring of additional employees and



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Fax: (808) 591-2039
E-mail: mail@abcstores.com

implementation of new procedures, with no source of funding and no assurance that such sales and shipment will be property 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 HB108 HD2. Thank you for your consideration of the foregoing.

Mahalo,
John Mark Mageo
Employee Relations and Government Affairs Manager
(808) 597-3312
jmageo@abcstores.com



64-1066 Mamalahoa Highway
Waimea/Kamuela, Hawaii, 96743

Brewhaus: 808-887-1717

bigislandbrewhaus.com

Follow Big Island Brewhaus on
Facebook & Instagram

Thomas Kerns
President / Brewmaster
Big Island Brewhaus

Attn:

Senate Committees of Commerce & Consumer Protection; and Energy & Intergovernmental Affairs

HB 108_HD2 Direct to Consumer Shipping of Alcohol
Position: **Support**

Aloha CPN & EIG Committee members,

My name is Thomas Kerns and I am the owner and brewmaster of Big Island Brewhaus. We are an independent craft brewery & restaurant producing 100% of our beer in Hawaii, while employing 41 Hawaii residents. We are united with other members of the Hawaiian Craft Brewery Community 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 craft beverage producers embrace the responsible consumption of alcohol.

Direct to consumer shipping

We along with other Hawaiian Craft Brewers 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. The craft beer we produce includes unique styles and tastes and wholesalers don't always take the time to learn about our products and brands. 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. 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. Direct to Consumer shipping benefits small independent craft beer businesses across the State of Hawaii.

1. While liquor sales have shown overall increases during the pandemic, this is not the case for many of Hawaii's small independent craft breweries. Our small brewery businesses typically derive a higher percent of their overall revenue from sales at their brewpubs and tap rooms compared to other alcohol manufacturers.

2. It is necessary to allow brewpubs, small craft producer pubs, and other liquor producers to obtain direct shipper permits because wholesalers may not want to sell or represent smaller brands.
3. Small scale producers usually don't find distributors interested in offering access for distribution within Hawaii where shelf space is highly competitive, and for export of their products out of state.
4. Wholesalers may not adequately represent the unique aspects of craft beer and other brands of liquor made in Hawaii by small independent producers.

Direct to Consumer shipping offers opportunities for breweries to increase production and as a result, increased tax revenue for the State of Hawaii.

1. Direct to Consumer shipping will allow Hawaii's craft beer manufacturers to increase their production to meet the demand for increased out of state sales. This in turn increases beer excise and gallonage taxes, adding to alcohol tax revenue for the State of Hawaii.
2. Rules already exist for "direct to consumer" shipping of wine, with a structure and guidelines for permitting and taxation that could be applied to direct shipping of beer and other liquor.
3. Reciprocity created with other states through this legislation facilitates market expansion for Hawaii producers with out-shipments to other states. The reciprocity offered by "direct to consumer" shipping provides tax revenue to the State of Hawaii paid by the beer and other liquor businesses for product they may ship directly to our state.

We request the Senate CPN & EIG Committees to pass this bill. Mahalo for considering our testimony in support of HB 108_HD2.

Sincerely,

Thomas D. Kerns

Thomas Kerns

President / Brewmaster

Big Island Brewhaus



March 18, 2025

Re: HB 108, relating to intoxicating liquor.

Chair Keohokalole, Chair Wakai, and Members of the Senate Committee Commerce and Consumer Protection and Senate Committee on Energy and Intergovernmental Affairs

On behalf of the Wine and Spirits Wholesalers of America¹ (WSWA), whose members include wine and spirit wholesalers large and small across America, we respectfully submit these comments in opposition to HB 108, which would permit distillers and breweries from across the country to ship distilled spirits directly to Hawaiians' doorsteps.

HB 108 would harm Hawaii's distillers, breweries, and retailers.

HB 108 will not benefit Hawaii's small local distillers and brewers as the online market will be dominated by large, out-of-state companies that have the infrastructure and funds to afford national marketing and shipping.

Direct-to-consumer (DTC) shipments will circumvent Hawaii's retailers entirely and could significantly strain local businesses and potentially lead to store closures and job losses.

HB 108 would increase underage access to alcoholic products and is an unfunded mandate.

The shipment of alcohol directly to a consumer's home increases the likelihood of underage access as there is little to no oversight of the final delivery by the common carrier. A recent DTC sting operation by the Vermont by the Department of Liquor and Lottery (DLL) found that:

- No purchase was delivered completely lawfully.
- Two deliveries were made to a minor without the age verification.
- Recipients were only carded 20 percent of the time upon delivery by a common carrier.
- Only half were shipped by a licensed entity and, of those licensed entities, only 20 percent reported shipments to DLL resulting in potential tax loss.

The report concluded that DTC shipping is "significantly underregulated and significant investment to properly regulate DTC and ensure public safety" would be needed. "The cost of a comprehensive [enforcement] program would be extremely expensive for any widespread application. The Department does not currently have the resources to regulate the currently licensed activity [wine DTC shipping]."

The DLL's results correlate with an economic analysis undertaken by WSWA estimating:

¹ WSWA is the trade association that represents wine and spirits wholesalers large and small across America. Founded in 1943, WSWA includes more than 350 member companies in 50 states and the District of Columbia. Our members distribute more than 80 percent of all wines and spirits sold at wholesale in the United States. Across the country wholesalers employ approximately 87,000 people who receive nearly \$7.5 billion in wages annually.



- it would cost Hawaii \$668,962 to fully enforce alcohol DTC shipping.
- DTC shipping could cause a loss of 143 jobs and nearly \$8 million in wages, and
- significantly reduce state and local taxes.

DTC erodes Hawaii’s regulatory control and, importantly, transparency of spirits entering the state and the sale and distribution of those spirits to consumers—a system that has successfully balanced consumer health and safety with access for over 80 years.

We respectfully request that you oppose HB 108.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Chelsea Crucitti', with a long horizontal flourish extending to the right.

Chelsea Crucitti
Vice President, State Affairs
Wine & Spirits Wholesalers of America

HB-108-HD-2

Submitted on: 3/18/2025 7:45:06 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Vindi Wells	Testifying for Hanalei Spirits Distillery Corp	Support	Written Testimony Only

Comments:

Thank you for the opportunity to submit testimony in strong support of HB108 HD2, which would allow direct-to-consumer (DTC) shipping of beer and distilled spirits by certain licensees. Under current law, direct shipping is only permitted for wine, creating an unfair and unbalance system that disadvantages local brewers and distillers. This bill corrects that imbalance, supporting both fairness in commerce and economic opportunities for small manufacturers in Hawaii.

Why HB108 HD2 is Essential for a Fair and Competitive Market

1. Equal Access for All Alcohol Manufacturers

- Current law favors wineries, granting them the ability to ship directly to consumers while prohibiting distilleries and breweries from doing the same. This creates an unlevel playing field, disadvantaging non-wine producers.

- Allowing direct shipment of beer and spirits simply extends the same opportunity to all alcohol manufacturers, ensuring fairness across the industry.

2. Supporting Small Businesses and Local Producers

-Many small distilleries and craft breweries struggle to secure distribution through wholesalers, which often prioritize larger, well-known brands.

- Adding a middleman or distributor prices the smaller craft distilleries out of the market. The current market cost for a distributor is 40%, which significantly increases product prices and makes it difficult for small producers to compete.

- Direct-to-consumer shipping provides an essential sales channel for small, independent producers, helping them reach customers who may not have access to their products through traditional retail outlets.

3. Expanding Consumer Choice and Access

- Consumers should have the right to directly purchase products they want, whether it's wine, beer or distilled spirits.

- Visitors to Hawaii who enjoy locally made beer and spirits should be able to purchase and have products shipped home, just as they can with wine.

4. Economic Growth and Increased Tax Revenue

- Allowing direct sales will boost local businesses, leading to increased tax revenue for the state while supporting Hawaii-based manufacturing jobs.

- This bill aligns Hawaii with national trends, as more and more states are recognizing the importance of DTC sales for alcohol producers.

Conclusion

HB108 HD2 is a common-sense measure that corrects an unfair law, supports Hawaii's small producers, and provides greater consumer choice. I urge the committee to pass this bill to ensure equal opportunities for all alcohol manufacturers in Hawaii.

Thank you for your time and consideration. I appreciate your commitment to supporting fair and competitive commerce in our state.

Sincerely, Vindi Wells

Hanalei Spirits Distillery Corp. 4241 Kahili Makai St. Kilauea, HI 96754

hanaleispirits@gmail.com or (808)346-2839



FIVE WATERFRONT PLAZA
500 ALA MOANA BLVD STE 400
HONOLULU, HAWAII 96813

March 18, 2025

Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Senate Committee on
Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 108 HD2
Hearing Date: March 20, 2025, 9:30 AM

Dear Chair Keohokalole, Chair Wakai, Vice Chair Fukunaga, Vice Chair Stanley Chang and Committee Members:

The Hawaii Liquor Wholesalers Association respectfully submits the following written testimony in **opposition** to HB108 HD2 Relating to Intoxicating Liquor.

This bill 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. This is a drastic change to the current three tier system of manufacturers, distributors and retailers, and will cause many problems.

The primary support for this bill has been from some local producers, who fail to point out that allowing direct shipment intrastate will also give out of state beer and spirit manufacturers to the same right to ship directly to Hawaii consumer households.

Public Safety. States that have allowed direct shipments have found that there is little or no oversight of the final delivery of the product. Direct shipment will allow minors easy access to liquor. 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.

Marketplace Disruption. 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 to increase craft brewing and 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.

Claims by supporters of this bill that direct shipment strengthens competition without dismantling the three-tier system are false. The three-tier system requires alcohol products to flow through all three-tiers. Direct shipment bypasses local wholesalers, restaurants, and retailers completely.

Loss of Tax Revenue. Claims that direct shipping would generate additional state tax revenue are false. Wholesalers are responsible for collecting excise taxes from retailers and remitting same to the State of Hawaii. Direct shipment bypasses wholesalers and retailers completely, making it difficult for the State to collect the appropriate taxes and opening the door to unlicensed, out of state or in state illegal shippers.

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.

Vermont conducted a survey of the direct to consumer shipping pilot compliance program in 2024 and the results of that survey, a summary of which is attached, were that ZERO purchases were completed lawfully and only 20% of shipments were reported.

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.

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 before any consideration is given to expanding direct shipment to other liquor. We are informed of an investigation on Hawaii County started in 2025 which preliminarily shows 150 potential shippers without permits.

Attached is a 2023 Hawaii DTC Economic Impact Study prepared by the Wine & Spirits Wholesalers of America which shows that 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 funding for the hiring of additional employees and implementation of new procedures, with no source of funding and no assurance that such sales and shipment will be property enforced.

The current three-tier system has worked for many years. It would be a mistake to change it by allowing direct shipment of beer and spirits.

Based on the above, we respectfully oppose HB108 HD2. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By: 

Kenneth G. K. Hoo
Its Secretary



Vermont Direct-to-Consumer Shipping Sting Reveals Significant Risks to Residents

The Vermont Department of Liquor and Lottery (DLL) has released a groundbreaking compliance report, shedding light on significant hazards and regulatory shortcomings within direct-to-consumer (DTC) alcohol shipping channels in the Green Mountain state.

The report, a result of thorough and calculated investigations by the Vermont DLL, uncovers alarming findings that stress the urgent necessity for strengthened regulation, rigorous oversight, and a bolstered enforcement budget to supervise DTC shipments and shield consumers from associated public health and safety risks.

80% of recipients were not carded at time of delivery.

ONLY **50%** of deliveries were shipped through licensed entities.

ONLY **20%** of shipments were reported to the DLL.

34% of all attempted purchases were completed.

ZERO purchases were completed lawfully.

2 deliveries were handed to minors by common carriers without ID checks.

The Vermont DLL report concluded by emphasizing the significant regulatory challenges posed by DTC shipping, particularly highlighting the hurdles in effective oversight and enforcement. These findings underscore a critical lack of compliance in DTC shipping in the state, indicating a pressing need for substantial investments to ensure adequate regulation and to uphold public safety standards. With proper DTC enforcement estimated to cost as much as \$446,105 for Vermont, these findings underline the fact that enacting DTC shipping is an unfunded mandate and that states will continue to struggle to properly regulate and enforce the practice.¹

This report by the DLL echoes the results of a recent Morning Consult survey conducted in collaboration with WSWA, with a staggering 76% of American adults expressing concerns regarding the age verification process when using online vendors or delivery platforms for alcohol purchases – and for good reason. The survey also revealed that **one in four adults purchasing alcohol through DTC vendors do not undergo ID checks upon receiving their purchases.**² With evidence showcasing the proliferation of illegal alcohol shipments finding their way into the hands of minors, DTC shipping remains a paramount concern for lawmakers and families nationwide who prioritize public health and safety. WSWA applauds Vermont for its proactive approach in evaluating lapses in regulation in DTC alcohol sales. This sting could, and should, serve as a model for other states to emulate.



The Sobering Truth
About Alcohol Shipping
Survey Data



Learn More about
Common Carrier
Reporting



DTC: Know the
Whole Story

¹<https://www.wswa.org/DTC-Economic-Impact-State-By-State>

²<https://www.wswa.org/news/1-4-adults-who-purchase-alcohol-through-online-vendors-or-directly-manufacturers-do-not-get>



AMERICA'S FAMILY-OWNED WINE & SPIRITS DISTRIBUTORS IN HAWAII

American, family-owned wine and spirits distributors are the central hub of the safest, most efficient, and diverse alcohol supply chain in the world. Wine & Spirits Wholesalers of America (WSWA)'s nearly 400 member companies deliver the widest variety of beverage alcohol products in every state and every district, connecting all corners of the country's alcohol marketplace. Wholesalers work in Hawaii to efficiently move America's favorite alcoholic products from producer to consumer, via local, licensed retailers.

Wholesaler Jobs and Wages

Wholesalers are American taxpayers with American jobs ranging from mixologists to importers, to truck drivers and warehouse workers, to sales and logistics experts, and office workers and administrative personnel.

Nationally

Wholesalers employ more than 86,000 Americans in 3,917 locations nationwide.

Wholesaler employees receive nearly \$7.8 billion in wages annually.

An estimated 1.3 million jobs are directly created from the wine & spirits industry nationally.

The efficiency of the three-tier system helps to reduce cost to the other two tiers by \$11.4 billion.

Locally

The wine and spirits industry creates 9,338 jobs in Hawaii.

Distributors employ 667 people in Hawaii.

Hawaii wholesaler employees receive \$44.0 million in wages.

Distributors service 6,845 retailers from 32 facilities throughout Hawaii.

Tax Revenue & Collection

Hawaii's tax and regulatory structure creates a safe and competitive market enabling consumers to select from the most diverse selection of alcoholic products in the world, allows local family-owned businesses to reinvest in their workforce and local communities, all while providing Hawaii with much needed tax revenue.

Hawaii receives \$103.7 million in state tax revenue from alcohol sales.¹

Wholesalers collect and remit \$21.8 million in state excise taxes in Hawaii.

¹Includes business and personal taxes paid by industry firms and employees, as well as excise, state sales, and other special taxes paid by consumers on wine and spirits both at on- and off-premise retailers.



JOB CREATION

Wine and spirits wholesalers account for more than 86,000 jobs paying over nearly \$7.8 billion in wages in the United States. In Hawaii, 9,338 people depend on the wine and spirits industry for their livelihood.

WAGES AND JOBS CREATED BY THE WINE AND SPIRITS INDUSTRY IN HAWAII

	JOBS	WAGES	ECONOMIC IMPACT
DIRECT	9,338	\$432,142,500	\$1,040,244,000
INDIRECT²	2,530	\$169,132,400	\$462,316,700
INDUCED³	3,943	\$245,845,700	\$708,481,500
TOTAL	15,811	\$847,120,600	\$2,211,042,200

²Indirect impacts are those created by suppliers, producers, wholesalers, and retailers of beverage alcohol products.

³Induced impacts are those created by the re-spending of employees in the direct and indirect sectors of the economy.

TAX GENERATION

Hawaii received about \$103.7 million in state and local government taxes from the wine and spirits industry. The federal government received a total of \$25.2 million in excise taxes and over \$62.9 million in business related taxes from beverage alcohol products, not including the customs duties paid on imported products.

TAX REVENUES FROM THE WINE AND SPIRITS INDUSTRY IN HAWAII ANNUALLY

	CONSUMER TAXES ⁴	BUSINESS TAXES ⁵
STATE TAXES	\$64,773,200	\$38,895,500
FEDERAL TAXES	\$25,174,600	\$62,962,600
TOTAL	\$89,947,800	\$101,858,100

⁴Consumer taxes include federal, state and major local excise taxes, state sales taxes, markups (above market rates) for control states, bottle deposit escheats and certain other taxes specifically levied on wine and spirits sales. Local sales taxes are not included.

⁵Business taxes include corporate and personal income, payroll, estate, gift and excise taxes, custom duties, fines, fees, etc. State and local level taxes include estimates of corporate profit, property, sales, severance, estate, gift, personal income and certain payroll taxes and licenses and fees.

WIDER IMPACT

Hawaii's wine and spirits industry is an important component of the state's economy outside of employees working within the three tiers, indirectly supporting over 3,943 jobs, providing over \$245.8 million in wages and contributing more than \$708.5 million to the state's economy. From wholesalers and retailers to contractors and manufacturers, the wine and spirits industry supports a wide range of jobs across the Hawaii economy.

INDUCED IMPACTS OF THE WINE AND SPIRITS INDUSTRY IN HAWAII

	JOBS	WAGES	ECONOMIC IMPACT
AGRICULTURE	88	\$1,920,100	\$4,081,100
BUSINESS & PERSONAL SERVICES	1,707	\$123,717,800	\$214,469,200
MINING	1	\$41,900	\$372,900
CONSTRUCTION	31	\$2,442,400	\$8,048,100
FIRE	425	\$22,904,900	\$204,734,900
MANUFACTURING GENERAL	75	\$3,993,100	\$27,805,700
RETAIL	539	\$22,820,500	\$60,921,900
TRANSPORTATION & COMMUNICATIONS	258	\$24,540,900	\$81,310,700
TRAVEL & ENTERTAINMENT	544	\$20,824,400	\$47,119,400
WHOLESALER	124	\$11,787,900	\$40,726,200
GOVERNMENT	49	\$5,485,400	\$12,881,600
OTHER	102	\$5,366,400	\$6,009,800
TOTAL INDUCED IMPACTS	3,943	\$245,845,700	\$708,481,500

Seven-Eleven Hawaii, Inc.
1755 Nuuanu Avenue, 2nd Fl; Honolulu, HI 96817

March 18, 2025

Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Senate Committee on
Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 108 HD2
Hearing Date: March 20, 2025, 9:30 AM

Dear Chair Keohokalole, Chair Wakai, Vice Chair Fukunaga, Vice Chair Stanley Chang and Committee Members:

We respectfully submit the following written testimony in **opposition** to HB108 HD2 Relating to Intoxicating Liquor.

Section 2 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.

While this bill has been supported by local breweries, what they fail to point out is that allowing direct shipment intrastate will also allow out of state beer and spirit manufacturers to ship directly to consumer households.

This 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 products 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 products. 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 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. A preliminary investigation on Hawaii County started in 2025 shows 150 potential shippers without permits, and in response to Hawaii County letter inquiries sent just one week ago, one retailer already admitted that it did not know it was illegal to ship without a permit.

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 and retailers 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 funding for the hiring of additional employees and implementation of new procedures, with no source of funding and 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 HD2. Thank you for your consideration of the foregoing.

Regards,

Seven-Eleven Hawaii, Inc.

By: 

Edna Ching

Wailea Wine
161 Wailea Ike Pl. A103
Kihei, HI 96753

March 17, 2025

Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Senate Committee on
Energy and Intergovernmental Affairs
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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 HB108HD2. Thank you for your consideration of the foregoing.

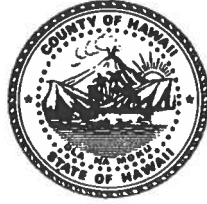
Very truly yours,

RETAILER

By: Edward M. Kesh
NAME OF SIGNATORY
Its

Edward M. Kesh
owner

C. Kimo Alameda, Ph.D.
Mayor



LATE

Gerald A. Takase
Director

William V. Brilhante, Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director

County of Hawai'i

Department of Liquor Control

Hilo Lagoon Centre, 101 Aupuni Street, Unit 230, Hilo, Hawai'i 96720-4261
(808) 961-8218 • Fax (808) 961-8684
E-Mail: cohdlc@hawaiicounty.gov

March 18, 2025

The Honorable Jarrett Keohokalole, Chair
The Honorable Carol Fukunaga, Vice Chair
and Members of the Committee on Commerce
and Consumer Protection

The Honorable Glenn Wakai, chair
The Honorable Stanley Chang, Vice Chair
and Members of the Committee on Energy and
Intergovernmental Affairs

The Senate
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Senators:

Re: House Bill No. 108, HD2, Relating to Intoxicating Liquor

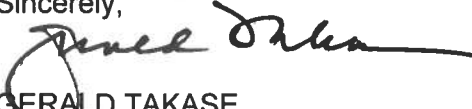
The County of Hawai'i Department of Liquor Control supports HB108, HD2, which would allow our manufacturers under Class 1, 14 and 18 to be able to ship their products, beer or distilled spirits to reciprocal states.

Currently, wine shippers have been very organized and now enjoy the direct shipping privilege in practically every state. Beer and distilled spirits do not enjoy this same privilege that wines currently enjoy under the Granholm decision and subsequent procedures adopted to facilitate this delivery.

This legislation would serve to begin to right that ship and provide our local manufacturers with the opportunity to enter this marketplace and gain exposure for their developing industry.

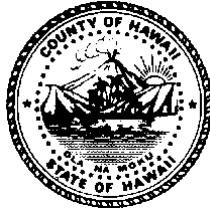
Please give these small businesses the chance to reach a greater market and hopefully grow their business and industry. In turn, hopefully this will allow our Hawai'i products to flourish beyond Hawai'i.

Sincerely,


GERALD TAKASE
Director

GT:de

C. Kimo Alameda, Ph.D.
Mayor



William V. Brillhante, Jr.
Managing Director

Merrick Nishimoto
Deputy Managing Director

County of Hawai'i ~ Office of the Mayor

25 Aupuni Street, Suite 2603 • Hilo, Hawai'i 96720 • Phone (808) 961-8211 • Fax (808) 961-6553
KONA: 74-5044 Ane Keohokālole Hwy., Bldg C • Kailua-Kona, Hawai'i 96740
Phone (808) 323-4444 • Fax (808) 323-4440

LATE

LATE

TO: Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

FROM: C. Kimo Alameda, PhD., Mayor

DATE: March 19th, 2025

SUBJECT: **SUPPORT OF HB108, HD2 RELATING TO INTOXICATING LIQUOR**

Aloha Chair, Vice Chair, and esteemed members of the Committee,

I am writing to express my support for House Bill 108, HD2, which expands direct-to-consumer (DTC) shipping to include beer and distilled spirits. This bill will help Hawai'i's small craft producers grow, diversify the economy, and complement the existing three-tier system.

Economic Benefits & Support for Small Producers

DTC shipping allows local breweries and distilleries to reach new markets, increasing tax revenue and reducing reliance on tourism. It provides small producers a low-risk way to test new products, often leading to distributor partnerships and business growth.

Responsible & Proven Shipping Practices

Concerns about underage access can be addressed with existing safeguards used in wine shipping, such as age verification and proper labeling. Other states have successfully implemented similar policies.

Consumer Demand & Opportunity for Hawai'i

Studies show strong demand for DTC beer and spirits, offering a missed revenue opportunity for the state. Visitors also want continued access to Hawai'i-made products after they leave, supporting local businesses without additional strain on infrastructure.

For these reasons, I urge you to pass HB108 HD2 to strengthen Hawai'i's craft producers, generate new tax revenue, and give consumers better access to locally made products. This will offer residents and visitors alike great access to the products that make our islands special.

Mahalo for the opportunity to submit testimony in support of this legislation,



LATE

March 18, 2025

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair

Re: Testimony in Support of HB108 HD2: 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.

We at Maui Brewing Co. are in strong support of HB108 HD2, 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. We recommend removing the language surrounding reciprocity that was added in the last hearing and understand that those Representatives are aligned.

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:

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

- 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. FedEx and UPS each have age gating systems to prevent minors from accessing alcohol.

HB108 HD2 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 HD2. 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,



Garrett W. Marrero
CEO/Founder

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



March 19, 2024

Dear Members of the Senate CPN and EIG Committees:

My name is Sam DeWitt, State Government Affairs Director at the Brewers Association, a 501(c)6 national trade association dedicated to promoting and protecting small and independent craft brewers, their beer, and the large community of craft beer enthusiasts. I write today in support of House Bill 108, a commonsense bill that serves craft brewers and customers, both in the Islands and on the continent, and urge a YES vote.

For a decade, 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 (along with their common carrier partners) 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 Hawaii due to the 2023 fires.

According to the recently released 2025 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, 76% would increase purchasing if the option were available, and 69% would likely subscribe to a beer club. Craft brewing margins are slim, making every single sale matter. Those high percentages show this to be a way to help save Hawaiian businesses.

Brewers in Hawaii 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 44% say they'd spend \$100 or more per month. State laws like Hawaii'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 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 *are not available* in their local area through traditional three-tier operations, 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. If asked, our friends in the middle tier would surely admit they are unable to carry every product from every brewery and taken to every market. This leaves a fertile middle ground where consumer demand exists, and direct-to-consumer fills in the gap. Indeed, long term, it can open up new product lines for wholesalers in Hawaii just as Hawaiian breweries will benefit from gaining more exposure on the mainland.

Additionally, according to the National Beer Wholesalers Association (NBWA) which puts out an annual Beer Purchasers Index, an informal monthly statistical release to show industry beer purchasing activity, wholesalers are looking to scale back on craft purchasing, cutting stock keeping units (SKUs) from their inventory, and are not seeking to add more craft to their trucks. This creates not just the opportunity for craft brewers to reach customers directly, but the necessity.

Further, niche SKUs (like seasonal beers, barrel-aged stouts, limited releases) are not meant for wide distribution in the first place. Wholesale partners generally do not want those products on their trucks, even from brands they already represent, leaving few options for those beers to reach the market. For these beers – and the community of beer enthusiasts who want special, limited-run products – DtC shipping is simply the next logical step.

Direct-to-Consumer shipping is one opportunity to bridge the gap between consumer preferences and the realities of the distributed market.

House Bill 108 is a simple piece of legislation that will benefit many. Thank you for your time and service to the people of Hawaii. I ask that HB 108 be moved forward with a favorable vote.

Sincerely,
Sam DeWitt
State Government Affairs Director
Brewers Association
720.837.6935



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
MARCH 20, 2025
HB 108 HD2 RELATING TO INTOXICATING LIQUOR**

Aloha, Chair Keohokalole, Chair Wakai, and members of the Senate Committee on Commerce and Consumer Protection and the Senate Committee on Energy & Intergovernmental Affairs. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

This measure allows direct shipment of beer and distilled spirits by certain licensees; requires the liquor commissions to adopt rules; and is effective 7/1/3000.

While we appreciate the intent of HB 108 HD2, we respectfully oppose this measure as we have concerns about the unintended consequences it may have on local retailers.

This measure would only allow Manufacturers, Brewpubs and Small Craft Producer Pubs to ship directly to consumers. Allowing direct shipments of alcoholic beverages could create an uneven playing field, placing brick-and-mortar retail stores at a competitive disadvantage. Many of these retailers are locally owned, and already face significant challenges, including high operating costs, regulatory compliance, and evolving consumer behaviors.

Additionally, we are concerned by expanding direct shipment, there may be challenges in enforcement and compliance challenges related to age verification, tax collection, and compliance with the county liquor laws. Retailers currently serve as a frontline safeguard to ensure responsible sales and prevent underage access to alcohol - and accountability that may be harder to enforce with direct shipments. The proposal requires reporting to county commissions and payment of taxes, but ensuring compliance will be difficult. Other states have struggled with enforcing similar laws, leading to tax revenue losses and unregulated alcohol entering communities. Without sufficient enforcement mechanisms, this could create loopholes for bad actors.

I urge the committee to carefully consider the potential negative impact on Hawaii's retail sector and the broader implications of this measure.

Mahalo for this opportunity to testify.

LATE

HB-108-HD-2

Submitted on: 3/19/2025 1:28:10 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Benjamin Lillibridge	Testifying for Malama Mushrooms	Support	Written Testimony Only

Comments:

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits.

I own a tea / coffee company and thus am inherently at an advantage in the marketplace that I can ship my products directly to customers who ordered online anywhere in the world. It's something I don't take for granted because I am not at the mercy of distributors who don't have my best interest in mind and take a 20-30% cut for work I can do myself.

Our adult beverage companies do not have this luxury. They are handcuffed to this archaic distribution model of being forced to use middlemen to get their product to their customers.

Why?

It's a great question and while I am no historian, it is likely a simple answer; money.

Those guys want a cut ...and so they don't want the law to change.

And yet, it is stifling the growth of our small craft beverage vendors who are trying to do good for the community.

I live on the Moku o Keawe so I refer to the example of Ola Brew, who is sourcing thousands of lbs of locally grown ingredients from Hawai'i farms for their products.

If they didn't have to sifled and stunted by these archaic distribution systems, just think what more good they could do for our local farmers.

Ola Brew is just one example and I'm sure their are many more throughout the islands doing just as much good work in the community behind the products they create.

Here are some additional ways that this measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system:

1. ***Economic Diversification and Revenue***
 - *By allowing beer and spirits DTC shipping, Hawai‘i can diversify its economy beyond tourism.*
 - *Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.*
2. ***Support for Small Craft Producers***
 - *DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.*
 - *Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.*
3. ***Reducing Reliance on Tourism***
 - *DTC shipping allows visitors who have enjoyed Hawai‘i-made products to continue purchasing them from home.*
 - *This helps sustain local producers while reducing the strain of in-person tourism on our ‘āina and infrastructure.*
4. ***Ensuring Responsible Shipping***
 - *The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.*
 - *Other states successfully ship beer and spirits using these protocols, and Hawai‘i can adopt similar compliance measures.*
5. ***Consumer Demand and Missed Opportunity***
 - *National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.*
 - *Hawai‘i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.*

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii’s small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,



DATE: March 19th, 2025

TESTIMONY IN **STRONG SUPPORT** OF HB 108/SB 464 and HB 1373/SB 976

Aloha,

Thank you for the opportunity to provide testimony in strong support of HB 108/SB 464 and HB 1373/SB 976

I am the owner and President of Lahaina Brewery, dba Koholā Brewery. We were in the West Maui center mauka of Honoapiilani HWY in Lahaina. Our location there was our only production facility and was producing about 3000bbbs a year making us one of the largest craft breweries in the state. We also had our only taproom there that consistently hosted local events, artists and musicians.

We have been brewing and hosting both locals and visitors alike since 2016. We were proud to be the most award-winning brewery in the state and provided living wages to our staff of over 20 people. I am a strong supporter of small business and our local entrepreneurs. Lahaina was the heart of the entrepreneurial community in Maui and with the devastation of the fires, this group of extremely hard-working people have been severely impacted.

In the meantime I have been able to brew with Kona Brewing Hawaii and as a small craft brewer, direct to consumer sales puts us on par with our peer industries such as wine and spirits. Our patrons are very loyal and passionate. We don't have the ability to distribute to the mainland and this would allow us to provide seasonal brews and specialties to our ohana across the Hawaii islands and our visitors from the mainland.

I humbly ask for your support for our community and pass this bill.
Thank you for the opportunity to provide testimony.

Mary Anderson
President/Owner Lahaina Brewery Inc. And Mahalo Aleworks
910 Honoapiilani HWY #55, Lahaina / 30 Kapua St, Makawao
Maui HI

808-303-9491
mary@koholabrewery.com

LATE



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION and
ENERGY AND INTERGOVERNMENTAL AFFAIRS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
Tuesday, February 11, 2025, 9:30 A.M.**

To The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Carol Fukunaga, Vice Chair
Members of the committee on Commerce and Consumer Protection
To The Honorable Senator Glenn Wakai, Chair
The Honorable Senator Stanley Chang, Vice Chair
Members of the committee on Energy and Intergovernmental Affairs

SUPPORT HB108 HD2 RELATING TO INTOXICATING LIQUOR

The Maui Chamber of Commerce **SUPPORTS HB108 HD2** which allows direct shipment of beer and distilled spirits by certain licensees; and requires the liquor commissions to adopt rules.

The Chamber understands that, under current state law, direct business-to-consumer shipping of alcoholic beverages is limited to wineries shipping wine. As a result, non-winery manufacturers are prohibited from directly shipping alcoholic beverages, including beer and distilled spirits, to consumers.

We note that this measure will allow small craft producers to ship products directly to consumers within Hawai'i and to states with reciprocal direct business-to-consumer (DtC) shipping laws. It modernizes outdated regulations and promotes fairness across all beverage alcohol categories. DtC shipping will also help smaller manufacturers who struggle to find wholesalers willing to sell and represent their small brands by giving them direct access to customers.

We support legislation that enables small businesses to expand their markets, providing them with an additional avenue to increase revenues and sustain their operations..

For these reasons we **SUPPORT HB108 HD2**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

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

LATE

HB108 Relating to Intoxicating Liquor: Direct Shipment of Liquor

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

March 18th, 2025
RE: HB108
Position: STRONG SUPPORT

Aloha Chair Keohokalole, Chair Wakai, Vice Chair Fukunaga, Vice Chair Chang and Members of both Committees,

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 strongly supporting HB108. Ola Brew is a Hawai'i Island community- and employee-owned brewery with over 4,200 community owners and 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.M worth of local agriculture that has increased annual revenues for over 120 farmers, supported countless local businesses and contractors and currently employs over 65 Hawai'i Island residents.

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 as our distillery which is located right on Hilo Bay, and are looking forward to the incredible agricultural opportunities we see with the production of this Spirit of Hawai'i.

I stand by my previous testimonies regarding diversifying Hawai'i's economy through producing more value added exports which in turn increases the state's tax income through more exports, and also gives the opportunity for our small businesses to create lasting relationships with visitors through these products without the added weight on Hawai'i's 'āina and infrastructure.

Now, I'd like to speak directly to some of the concerns outlined by the Hawai'i Liquor Wholesalers Association regarding their concerns of HB108, as I believe they are a bit misleading.

Their first concern outlined is that of the direct shipped products getting into the hands of individuals under the age of 21. Consumption of alcohol by minors is a concern that we all share as liquor license holders in our taprooms and our retail spaces. Direct to Consumer shipping doesn't change that for us or for the national couriers, like Fed Ex, and UPS that require each license holder to become an authorized alcohol shipper in their organization as well. With the exponential rise of e-commerce in every other industry, it only makes sense for this industry as well. Of course regulations and compliance standards to ship alcohol are of the utmost importance, and those outlined in this bill have been successful with our wine manufacturers here in Hawai'i as well as with other states throughout the US that allow DTC of all alcoholic beverages, including our state of Hawai'i for wine sales direct to consumer.

Another argument is that allowing for direct to consumer shipping will create the possibilities of monopolies within the beer and spirits industry. I will argue that the only monopolies that have ever existed are by the distributors themselves. Direct to consumer shipping is not presented as a replacement for three tier distribution, but rather an

HAWAIIAN OLA
BREWING CORPORATION

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KAILUA-KONA
HAWAII, 96740

WWW.OLABREWCO.COM



opportunity for small Hawai'i producers to sell specialty items that our distributors will not pick up due to the volume potentials that they see or don't see. An example of this is we have over 40 different products on tap that we produce small can-runs of occasionally, and 17 that we sell through our distributor. We release specialties in our taprooms, and every time we do, we get at least 20 requests from outer-islands or from the continent. This could be an easy sale Direct to Consumer, but it isn't worth it to our distributor to set up a new item for 20 cases.

So, a question to our wholesalers: are you willing to distribute every product that we produce? The answer that many Hawai'i producers have heard is a resounding NO and it actually makes sense, because they are looking for high volume moving products. This is where direct to consumer shipping comes in and saves the day. In fact, this would actually help us to vet new products to introduce to our distributor partners here in Hawai'i and throughout the continental US. Many small Hawai'i producers can't take that initial financial risk of launching in a new region. Direct to consumer shipping would not only bring additional tax revenue to the state, but it would allow much needed vetting of new regions that could eventually create traditional distributor partnerships in those areas. So again, this is not doing away with the three tier system, it is working together to test market products, so that we can eventually drive more business to our distributor partners.

Another concern outlined by the Liquor Wholesalers is the fact that if license holders are shipping directly to consumers they may not pay their taxes on products sold in this way. As we are all well aware, our compliance through county, state and federal departments, and the compliance reporting wouldn't allow us to not pay taxes on the products we are making. Our county liquor departments do an incredible job of notifying all licensees of deadlines with compliance standards and a courier or shipping report would be just another compliance item that we would add into our monthly or quarterly reporting.

And lastly, allowing direct to consumer shipping of alcohol would not affect the livelihoods of the wholesalers in Hawai'i, because the products that we are looking to sell aren't in their catalogs, and with more products and more variety, comes more visibility and interest for Hawai'i producers in general.

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



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BREWING CORPORATION

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Tamura Enterprises, Inc.
Tamura's Fine Wine & Liquors
3496 Waiialae Ave
Honolulu, HI 96816

March 19, 2025

LATE

LATE

Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Senate Committee on
Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 108 HD2
Hearing Date: March 20, 2025, 9:30 AM

Dear Chair Keohokalole, Chair Wakai, Vice Chair Fukunaga, Vice Chair Stanley Chang and Committee Members:

We respectfully submit the following written testimony in **opposition** to HB108 HD2 Relating to Intoxicating Liquor.

Section 2 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.

While this bill has been supported by local breweries, what they fail to point out is that allowing direct shipment intrastate will also allow out of state beer and spirit manufacturers to ship directly to consumer households.

This 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 products 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

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 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. A preliminary investigation on Hawaii County started in 2025 shows 150 potential shippers without permits, and in response to Hawaii County letter inquiries sent just one week ago, one retailer already admitted that it did not know it was illegal to ship without a permit.

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 and retailers 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 funding for the hiring of additional employees and implementation of new procedures, with no source of funding and 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 HB108 HD2. Thank you for your consideration of the foregoing.

Very truly yours,

Tamura's Fine Wine & Liquors

By: 

Michael Sato
Director of Sales & Merchandising

LATE

LATE



March 19, 2025

Dear Members of the CPN/EIG Committees,

I am Mario Archaga, Director of State Public Affairs for UPS responsible for the Hawaiian Islands. UPS has 904 Island employees and is the leading provider of global supply chain management solutions.

UPS supports HB 108 - An Act to allow the direct shipment of beer and distilled spirits by certain licensees.

Each year there is a growing list of states that have expanded their ability to ship alcohol directly to consumers greatly benefitting the alcohol industry, consumers, and state economy.

UPS follows well-established and appropriate measures to ensure compliance with state and federal laws to safely ship alcohol directly to consumers and has been doing so for decades. We only accept and ship alcohol from licensed shippers who enter into a UPS-specific shipping agreement and only deliver to those who can legally accept the direct shipments.

UPS takes the shipments of regulated goods very seriously, abiding by all regulatory requirements. Throughout our network, we expertly process high value shipments such as electronics and fine jewelry, critical healthcare packages like vaccines and medication, and already handle many regulated goods—including wine, liquor, and beer.

Direct-to-Consumer shipping aligns with current consumer preferences for home delivery. House Bill 108 is straightforward legislation that will facilitate this process, benefiting many by allowing direct product delivery to individuals. Supporting this bill will bolster the local economy and showcase a commitment to modernizing commerce.

UPS respectfully urges you to support HB 108.

Thank you for your time and service to the people of Hawai'i.

Sincerely,

A handwritten signature in black ink that reads "Mario Archaga".

Mario Archaga
Hawaii State Government Affairs Director
UPS
562.824.9954
marchaga@ups.com



LATE

LATE

Date: March 19, 2025

To: The Honorable Senator Keohokalole, Chair
The Honorable Senator Fukunaga, Vice Chair
Members of the Senate Committee on Commerce & Consumer Protection

Re: Opposition of HB108 HD2, Relating to Intoxicating Liquor

Hearing: Thursday, March 20, 2025, at 9:30am, Conference Room 229

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 HD2. HB108 HD2 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 HD2 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 HD2. 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

LATE **LATE**

HB-108-HD-2

Submitted on: 3/20/2025 8:02:32 AM
Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicolas wong	Testifying for Beer Lab HI	Support	In Person

Comments:

I strongly support this Bill.



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mauiwine.com

HC 1 Box 953
Kula, HI 96790-9304

LATE

March 18, 2025

**SUPPORT: SAY YES to HAWAII CRAFT MANUFACTURERS
HB 108/SB 464 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 crucial for the growth of our company, but in hindsight this change was significant to our viability. Without the ability to ship DTC, I do not believe Maui Wine 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.

We also had considerable opposition from the wholesale industry, but their points were fear driven, and not relevant to a small manufacturer that has very limited access to the sales in the wholesale sector. The reality is, Maui Wine's wholesale business in Hawaii and the mainland grew after DTC was permitted for wine. The added exposure and proof of sales validated the demand, and we caught the attention of retailers and wholesalers.

The consumer wants the convenience of picking up their beverages at the market – but many of the wines, beers and distilled spirits from a craft manufacturer in Hawaii does not get a chance to have shelf space or marketing support from a retailer or wholesaler that is driven to support volume products.

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

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

Best regards,

Paula J. Hegele
President

LATE

HB-108-HD-2

Submitted on: 3/18/2025 6:46:25 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Patrick Macahdo	Individual	Support	Written Testimony Only

Comments:

To whom this may concern,

I believe Hawaii businesses (especially ones owned by Hawaiians) should have the best chance to succeed. It's 2025 and business in Hawaii is so behind. Every business including alcohol should be able to sell directly to the customer. We have made too many hoops for middle men to take a cut of people's business. It's time for people to make money with their hard work. Stop gatekeeping the real people of Hawaii and allow them to succeed.

Thank you!

LATE

HB-108-HD-2

Submitted on: 3/18/2025 7:03:51 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Aimee Donzis	Individual	Support	Written Testimony Only

Comments:

Subject: In Strong Support of HB108

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. Economic Diversification and Revenue

- o By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism.*
- o Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.*

2. Support for Small Craft Producers

- o DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.*
- o Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.*

3. Reducing Reliance on Tourism

- o DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.*
- o This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.*

4. Ensuring Responsible Shipping

- o The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.*
- o Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.*

5. Consumer Demand and Missed Opportunity

- o National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.*

- *Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.*

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,

Aimee Donzis

LATE

HB-108-HD-2

Submitted on: 3/18/2025 7:44:37 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jayne Kerns	Individual	Support	Written Testimony Only

Comments:

Subject: In Strong Support of HB108

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii’s small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

Support for Small Craft Producers

DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.

Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.

Consumer Demand and Missed Opportunity

National data shows a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.

Hawai‘i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.

Economic Diversification and Revenue - Reducing Reliance on Tourism

DTC shipping allows visitors who have enjoyed Hawai‘i-made products to continue purchasing them from home. This helps sustain local producers while reducing the strain of in-person tourism on our ‘āina and infrastructure.

Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.

By allowing beer and spirits DTC shipping, Hawai‘i can diversify its economy beyond tourism.

Ensuring Responsible Shipping

Concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.

Other states successfully ship beer and spirits using these protocols, and Hawai‘i can adopt similar compliance measures.

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours, Jayne Kerns

LATE

Subject: In Strong Support of HB108

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

Economic Diversification and Revenue

By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism. Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.

Support for Small Craft Producers

DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.

Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.

Reducing Reliance on Tourism

DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.

This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.

Ensuring Responsible Shipping

The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.

Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.

Consumer Demand and Missed Opportunity

National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.

Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,

Yvette N Miller

LATE

HB-108-HD-2

Submitted on: 3/18/2025 9:51:13 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Zachary DiIonno	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. Economic Diversification and Revenue

- By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism.*
- Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.*

2. Support for Small Craft Producers

- DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.*
- Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.*

3. Reducing Reliance on Tourism

- DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.*
- This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.*

4. Ensuring Responsible Shipping

- The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.*
- Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.*

5. Consumer Demand and Missed Opportunity

- National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.*
- Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.*

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,
Zachary M. DiIonno, Esq.

LATE

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

The following points are the reasons I support HB108 in allowing beer and spirits DTC shipping privileges:

1. Hawai'i can diversify its economy and reduce its reliance on tourism, helping sustain local producers while reducing the strain of in-person tourism on its 'āina and infrastructure.
2. Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales, benefiting both producers and the State.
3. National data show a significant demand for DTC beer and spirits, including me! If given the opportunity to legally purchase and ship beer and distilled spirits from Hawaii's small craft producers, I absolutely would do so! I currently purchase wine and other products from Hawaii sellers. I have been waiting for YEARS to purchase Hawaii's beer and distilled spirits, too!

I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make the Hawaiian Islands so very special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,

Megan Bawks

LATE

Subject: In Strong Support of HB108

Aloha Senator Keohokalole, Senator Wakai, Senator Fukunaga, and Senator Chang:

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. Economic Diversification and Revenue

- By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism.
- Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.

2. Support for Small Craft Producers

- DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.
- Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.

3. Reducing Reliance on Tourism

- DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.
- This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.

4. Ensuring Responsible Shipping

- The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.
- Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.
-

5. **Consumer Demand and Missed Opportunity**

- National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.
- Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,

Sharri Thornton

LATE

HB-108-HD-2

Submitted on: 3/19/2025 6:20:23 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
P Hauoli'ipo Wright	Individual	Support	Written Testimony Only

Comments:

Aloha,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. Economic Diversification and Revenue

- By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism.*
- Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.*

2. Support for Small Craft Producers

- DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.*
- Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.*

3. Reducing Reliance on Tourism

- DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.*
- This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.*

4. Ensuring Responsible Shipping

- The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.*
- Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.*

5. Consumer Demand and Missed Opportunity

- National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.*
- Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.*

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,

P. Hau'oli ipo Wright

808.268.9974 / hauoli.ipo@gmail.com



HB-108-HD-2

Submitted on: 3/19/2025 7:15:56 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

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

Comments:

Aloha Members of the Committee,

The three-tier distribution system for alcohol in the United States began shortly after the repeal of Prohibition in 1933, with the goal of preventing any single entity from controlling the entire alcohol supply chain by separating producers, distributors, and retailers into distinct tiers, thus preventing monopolies and promoting fair market competition; essentially, it was designed to avoid the abuses that led to Prohibition in the first place.

Passing of HB108 will not conflict with the intent of the three-tier system unless the industry is worried that one of our small local alcohol manufactures is going to monopolize the entire industry in the USA. As we all know manufacturing is not affordable in Hawai‘i so the passing of this Bill will not go against the nature of the law as originally intended.

This bill will not only benefit the local producers in Hawai‘i but also the local residents as consumers. We live in a day in age where you can order everything online, door dash, or have your order ready for you at curbside pickup.

Why not allow Hawai‘i residents to also be allowed to order their favorite products from neighboring islands? Being that our state consists of many counties separated by the ocean, it’s even more important than other states to allow us to mail products amongst the state. I reside on Hawai‘i island and I’m a member of Ko Hana Rum from Oahu. I should be receiving my quarterly bottles through my membership but they are not allowed to ship to me. Instead they have been stockpiling all my bottles until I can fly to Oahu, pack up my shipment and fly back with it. I love Beer Lab, Inu Island Ales, Wailuku Distillery, but the only time I can get their products is when I visit. I would be purchasing more local options if they could ship the products to me instead of only when I visit those islands maybe once a year.

Please consider passing HB108, it will cause no harm and only bring more revenue to Hawai'i manufactures, leading to more tax dollars for the state and counties.

Sincerely,

Brett Jacobson



HB-108-HD-2

Submitted on: 3/19/2025 9:43:29 AM
Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Scott Allen Copeland	Individual	Support	Written Testimony Only

Comments:

March 19, 2025

Aloha Senators,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii’s small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. Economic Diversification and Revenue • By allowing beer and spirits DTC shipping, Hawai‘i can diversify its economy beyond tourism. • Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.
2. Support for Small Craft Producers • DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution. • Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.
3. Reducing Reliance on Tourism • DTC shipping allows visitors who have enjoyed Hawai‘i-made products to continue purchasing them from home. • This helps sustain local producers while reducing the strain of in-person tourism on our ‘āina and infrastructure.
4. Ensuring Responsible Shipping • The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling. • Other states successfully ship beer and spirits using these protocols, and Hawai‘i can adopt similar compliance measures.
5. Consumer Demand and Missed Opportunity • National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option. • Hawai‘i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Also as a small investor with Ola Brew and as well as an out-of-state resident most of the year, I encourage a passage of this bill so that I may enjoy Ola Brew products when not spending time on the Hawaiian Islands. I regularly order products for shipping coffee from the Captain Cook Trading Company, Hawaiiin Vanilla Co. as well as macadamian nut products from Hamakua Nut Company, so would appreciate the same for Ola Brew products.

Mahalo for the opportunity to testify in support of this important legislation.

Respectfully yours,

Scott A. Copeland

LATE

HB-108-HD-2

Submitted on: 3/19/2025 7:17:02 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Shawn Sousa	Individual	Support	Written Testimony Only

Comments:

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

Being able to have Hawaiiin spirits and beer shipped to California would be an amazing way to not only boost the Hawaiiin economy, but it would allow people to share their favorite Hawaiiin beverages with their friends and neighbors.

Sincerely,

Shawn Sousa

LATE

From: Michelle Low>
Sent: Tuesday, March 18, 2025 8:19 PM
Subject: In Strong Support of HB108

Aloha Senator,

I am writing in strong support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. **Economic Diversification and Revenue**
 - *By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism.*
 - *Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.*
2. **Support for Small Craft Producers**
 - *DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.*
 - *Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.*
3. **Reducing Reliance on Tourism**
 - *DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.*
 - *This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.*
4. **Ensuring Responsible Shipping**
 - *The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.*
 - *Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.*
5. **Consumer Demand and Missed Opportunity**
 - *National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.*
 - *Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.*

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo for the opportunity to testify in support of this important legislation.

your friend,
michelle low
digital marketing enthusiast

LATE

HB-108-HD-2

Submitted on: 3/19/2025 10:52:59 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kelly A Miriani	Individual	Support	Written Testimony Only

Comments:

Please pass this bill to support local businesses that in turn support farmers, jobs and competing in today's market allowing local businesses to thrive and substan our islands.

Mahalo, Kelly Miriani

LATE

HB-108-HD-2

Submitted on: 3/19/2025 11:36:00 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Matson	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and Committee Members,

I am writing in support of HB108 HD2, which expands direct-to-consumer (DTC) shipping privileges to include beer and distilled spirits. This measure will enable Hawaii's small craft producers to reach new markets, foster economic diversification, and provide a critical supplement to the existing three-tier system.

1. Economic Diversification and Revenue

- By allowing beer and spirits DTC shipping, Hawai'i can diversify its economy beyond tourism.
- Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.

2. Support for Small Craft Producers

- DTC shipping is not a replacement for the three-tier system but a pathway for smaller brands to test new markets without the financial risks of full-scale distribution.
- Successful DTC sales often lead to new distributor partnerships, benefiting both producers and the State.

3. Reducing Reliance on Tourism

- DTC shipping allows visitors who have enjoyed Hawai'i-made products to continue purchasing them from home.
- This helps sustain local producers while reducing the strain of in-person tourism on our 'āina and infrastructure.

4. Ensuring Responsible Shipping

- The concerns about minors accessing alcohol can be addressed by following the same safeguards already in place for wine shipping—requiring age verification and conspicuous labeling.
- Other states successfully ship beer and spirits using these protocols, and Hawai'i can adopt similar compliance measures.

5. Consumer Demand and Missed Opportunity

- National data show a significant demand for DTC beer and spirits: consumers would purchase more frequently and spend more per month if given the legal option.
- Hawai'i stands to benefit from this demand, which translates to increased sales for local producers and additional revenue for the State.

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii's small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

Mahalo,

Shannon M.

Hawai'i Island Resident

LATE **LATE**

HB-108-HD-2

Submitted on: 3/19/2025 12:52:16 PM
Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Jeff Pereboom	Individual	Support	Written Testimony Only

Comments:

This measure will enable Hawaii’s small craft producers to reach new markets and foster economic diversification.

By allowing beer and spirits DTC shipping, Hawai‘i can diversify its economy beyond tourism. Small producers will gain direct access to consumers, strengthening local businesses and increasing tax revenues from out-of-state sales.

DTC shipping allows visitors who have enjoyed Hawai‘i-made products to continue purchasing them from home. This helps sustain local producers while reducing the strain of in-person tourism on our ‘āina and infrastructure.

For these reasons, I respectfully urge you to pass HB108 HD2. Allowing direct shipment of beer and distilled spirits will strengthen Hawaii’s small craft producers, generate new tax revenue, and offer residents and visitors alike greater access to the products that make our islands special.

LATE

LATE

HB-108-HD-2

Submitted on: 3/19/2025 8:41:10 PM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Rahn Magdalena	Individual	Support	Written Testimony Only

Comments:

Our small breweries and distilleries have enough challenges as it is with material costs, rent / property, supplies and staffing. They don't need any more hardships or hindrances in getting their product to the customer. Direct shipping would benefit everyone, particularly as deliveries for alcohol are already verified for legal permission.

Jeffrey Hong
CEO
Techmana LLC



LATE

LATE

Date: 3/17/2024

To: Chair Keohokalole, Vice Chair Fukunaga, & CPN Committee
Chair Wakai, Vice Chair Stanley & EIG Committee

Aloha Chair Keohokalole, Vice Chair Fukunaga, Chair Wakai, Vice Chair Stanley, and
Members of the Committees:

My name is Jeff Hong I am the CEO of Techmana LLC. Techmana is a Hawai'i based software development and cybersecurity company. I testify in **strong support of HB108 HD2**. As a small business owner, we need our legislature to support local businesses like our craft brew and liquor manufacturers. I have additional professional perspectives as Board Chair of Hawaiian Ethos, a medical cannabis licensee, and as Chair of the Honolulu Liquor Commission. I testify only in a personal capacity. The Honolulu Liquor Commission has not taken a position on this bill.

The direct shipment of wine has proven the procedures for regulating direct to consumer spirits can be conducted safely. Our local manufacturers should have the opportunity to enhance our economy with the export premium beer and spirits.

Mahalo for the opportunity to testify.

Sincerely,

Jeffrey Hong

CEO Techmana LLC

LATE **LATE**

HB-108-HD-2

Submitted on: 3/20/2025 8:12:48 AM

Testimony for CPN on 3/20/2025 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Joseph Hegele	Individual	Support	Written Testimony Only

Comments:

Allowing manufactures to sell their products directly to end consumers is hardly worth debating, it's a simple and proven concept and should be a right for all manufacturers and all consumers should they choose. Its been manageable and successful in the wine industry and is a direct reason that small wine producers are able to exist today.

Being allowed to have DTC sales is of significant financial value to the manufacturer (especially the small ones). Allowing customers to buy directly from manufacturers ensures quality and fosters a more meaningful relationship between consumers and manufacturers which is good for everyone, we are all consumers.

The loss of sales for the wholesale/retail industry is just not significant enough a reason to disallow the basic right of a manufacturer to sell their products to their consumers. Most DTC sales don't directly overlap with the sales through the 3 tier system, generally we buy directly the things that are not available to us in the retail market we reside. Ultimately yes, more wine being purchased directly = less wine being purchased via the traditional system. The wholesale/retail companies are an important part of the alcohol industry, but this is a question of simple economic rights, and also who should benefit from the legislative decisions we make: the manufactures who create products and the consumers who consume them? Or the large corporations that benefit from being the middle men?