



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

S.B. NO. 2911, RELATING TO INTOXICATING LIQUOR.

BEFORE THE:

SENATE COMMITTEES ON COMMERCE AND CONSUMER PROTECTION AND ON
ENERGY AND INTERGOVERNMENTAL AFFAIRS

DATE: Monday, February 9, 2026 **TIME:** 10:00 a.m.

LOCATION: State Capitol, Room 229

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Jennifer Waihee-Polk or Christopher J.I. Leong,
Deputy Attorneys General

Chairs Keohokalole and Wakai and Members of the Committees:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to allow direct shipment of beer and distilled spirits to consumers by Class 1 (Manufacturer), Class 14 (Brewpub), and Class 18 (Small Craft Producer Pub) licensees. The current draft restricts direct shipment from an out-of-state manufacturer unless the manufacturer produces less than 150 barrels of malt beverages or 20,000 barrels of distilled spirits. See page 2, lines 7-10. Currently, Class 1 and Class 14 licensees have no manufacturing amount limits and Class 18 are limited to 70,000 barrels of malt beverages and 7,500 barrels of alcohol. See section 281-31(b), (n), and (r), Hawaii Revised Statutes (HRS).

The Dormant Commerce Clause prohibits state legislation that discriminates against interstate or international commerce. The Supreme Court has long held that state laws violate the Commerce Clause if they mandate "differential treatment of in-state and out-of-state economic interests that benefits the former and burdens the latter." See Granholm vs. Heald, 544 U.S. 460, 472 (2005) (citing Oregon Waste Sys., Inc. v. Dep't of Env'tl. Quality of Ore., 511 U.S. 93, 99 (1994)).

By subjecting manufacturers outside the State to manufacturing limits not equally applied to in-state manufacturers, this bill may be subject to constitutional challenge as discriminating against out-of-state manufacturers.

This bill further requires out-of-state manufacturers to obtain permits from the liquor commissions of the counties it ships to but does not require this of in-state manufacturers. This mandate may be construed as differential treatment of out-of-state economic interests, and it conflicts with the State's existing provisions governing direct shipment of wine under section 281-33.6, HRS.

To address these legal issues, we recommend that the wording in the new section 281- , HRS, in section 2 of the bill be revised as follows:

- Section 281- (a)(2)(B), on page 2, lines 7-20:

"(B) A license to manufacture beer or distilled spirits issued by another state ~~[and produces less than one hundred fifty barrels of malt beverages or twenty thousand barrels of distilled spirits],~~

may pay any applicable fees and obtain a direct beer and distilled spirits shipper permit from the liquor commission of the county ~~[in] to~~ which the beer or distilled spirits ~~[is manufactured]~~ will be shipped that authorizes the holder to directly ship beer and distilled spirits to persons in ~~[any] the~~ county ~~[of this State; provided that any person who holds a license to manufacture beer or distilled spirits pursuant to paragraph 2(B) may obtain a direct beer and distilled spirits shipper permit from the liquor commission of the county in this State to which the person will be shipping beer or distilled spirits.]~~ pursuant to this section."

- Section 281- (b), on page 3, lines 1-4:

"(b) The holder of the direct beer and distilled spirits shipper permit may sell and ship beer and distilled spirits to any person twenty-one years of age or older in ~~[any] the~~ county ~~[of the State]~~ that issued the permit for personal use only and not for resale, and shall:"

- Section 281- (b)(4), on page 3, lines 16-21:

"(4) Report no later than January 31 of each year, to the liquor commission in each county ~~[in which]~~ where a direct beer and distilled spirits ~~[shipment was made]~~ shipper permit is held, the total amount of beer and distilled spirits shipped to persons in that county during the preceding calendar year;"

- Section 281- (b)(6), on page 4, lines 6-8:

"(6) Be subject to audit by the liquor commission of each county in which a direct beer and distilled spirits ~~[shipment has been made.]~~ shipper permit is held."

- Section 281- (c), on page 4, lines 9-18:

"(c) The holder of a license to manufacture beer or distilled spirits issued by another state may annually renew a direct beer and distilled spirits shipper permit by providing [~~to~~] the liquor commission that issued the permit with a copy of the license and paying all required fees. The holder of a class 1, class 14, or class 18 license [~~to manufacture beer or distilled spirits~~] under section 281-31 may renew a direct beer and distilled spirits shipper permit concurrently with the applicable license by complying with all applicable laws and paying all required fees."

Thank you for the opportunity to provide comments.

OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR



Testimony of Derek S.K. Kawakami

Mayor, County of Kaua'i

Before the

Committee on Commerce and Consumer Protection

And the

Committee on Energy and Intergovernmental Affairs

February 9, 2026; 10:00 AM

Conference Room 229 & Videoconference

In consideration of

Senate Bill 2911 Relating to Intoxicating Liquor

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

The County of Kaua'i is in **support** of SB 2911 which would authorize direct shipment of beer and distilled spirits by certain licensees to Hawai'i consumers and requires the liquor commission of each county to adopt rules and regulations.

This measure addresses a fundamental inequity in our current alcohol regulations. Under existing law wineries enjoy the privilege of shipping directly to consumers while small breweries and distilleries do not. This creates an uneven playing field that disadvantages craft beer and spirit producers, despite all three categories being produced by small artisans and manufacturers.

If passed, Hawai'i consumers will gain access to specialty and limited release craft beers and spirits that may not be available through traditional retail channels, particularly from small mainland producers. In addition, by extending the same direct shipment privileges already granted to wineries, this legislation creates fair and equal treatment across all craft beverage producers.

This legislation includes comprehensive consumer protections including age verification, quantity limits, and regulatory oversight.

Thank you for the opportunity to provide testimony in **support** of SB 2911.

SB-2911

Submitted on: 2/5/2026 3:02:02 PM

Testimony for CPN on 2/9/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Steve Haumschild	Testifying for Lanikai Brewing Company LLC	Support	In Person

Comments:

Thank you for the opportunity to submit testimony **in strong support of SB2911**, which would allow qualified Hawaii alcohol manufacturers to sell and ship products directly to consumers.

Although pandemic restrictions have lifted, many of Hawaii’s local alcohol manufacturers continue to face significant financial pressure. Rising costs for ingredients, shipping, labor, and operations have far outpaced revenue growth. As a result, our local manufacturing sector is currently one of the weakest it has been in many years. Small producers—especially new and emerging businesses—are struggling to maintain stability and remain competitive.

Under current law, wineries in Hawaii are already permitted to ship products directly to consumers. However, other manufacturers holding similar licenses, such as breweries and distilleries, are not allowed the same opportunity. SB2911 would create fairness across manufacturing license types by extending a system that is already functioning responsibly and effectively.

Direct-to-consumer (DTC) sales are not a replacement for Hawaii’s three-tier system; rather, they serve as a necessary supplement. Many small breweries and distilleries do not have access to wholesalers, as their production volumes are often too small to meet minimum requirements. Some producers cannot even secure return calls from distributors, leaving them with limited avenues for growth. DTC sales provide these small and fragile businesses with a vital pathway to reach customers, build brand awareness, and develop sustainable revenue streams.

Concerns about underage access are understandable, but existing safeguards used for wine shipments already address these issues. Major carriers utilize specialized labeling, age verification procedures, and adult signature requirements for individuals 21 and over. These proven processes demonstrate that responsible shipping can occur without increasing risks to minors.

Furthermore, this bill would not negatively impact wholesalers. Many wholesalers do not operate in all 50 states and are unlikely to distribute Hawaii-made products nationally. In addition, most items shipped directly to consumers are small-batch or specialty products that wholesalers typically do not carry due to volume constraints. SB2911 would therefore complement—not compete with—the existing distribution framework.

Hawaii consistently emphasizes the importance of supporting local businesses and diversifying our economy. SB2911 directly advances these goals by empowering local manufacturers, increasing opportunities for locally made products, and strengthening the state's economic resilience. Growth in local production translates into more local jobs, increased tax revenue, and greater opportunities to export Hawaii-made products beyond our shores.

A vote in favor of SB2911 is a vote for Hawaii's small businesses, local jobs, and economic diversification. Conversely, a vote against this bill risks favoring large, out-of-state wholesalers over the small, local producers who are working hard to contribute to our communities and economy.

For these reasons, I respectfully urge the Committee to **vote in favor of SB2911**. This legislation has the potential to stabilize local manufacturing, support local employment, and increase tax revenues through expanded sales of products proudly made in Hawaii.



5 February 2026

[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 SB2911: Authorizing Direct-to-Consumer Shipping for Beer and Spirits

Aloha Chairs, Vice Chairs, and Members of the Committees,

My name is Garrett W. Marrero, I am the CEO and Co-Founder of Maui Brewing Co., operating locations in Lahaina, Kaanapali, and Kihei on Maui, and Waikiki and Kailua on Oahu. Made in Hawai'i and sold in 6 States and 2 Countries, employing more than 500 teammates across Hawai'i. I am submitting **STRONG SUPPORT** for **SB2911**, which adds beer and spirits to current Direct to Consumer privileges (DtC). Essentially beer will finally be allowed to ship just like wine has enjoyed for 2 decades.

SB2911 would expand direct-to-consumer 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.

Please note that the legislation is quite different this year. We worked with the legislature to voluntarily restrict who can ship, and how much can be shipped to any one person. Despite many calls and messages to the wholesalers who have been the primary opponents we could not get them to engage. Under these new restrictions we further believe that they have zero reasons to oppose as the new rules protect their interests.

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.

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

- 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 12 for beer and 9 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.

SB 976 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 SB2911**. It's a practical step that will help Hawai'i's craft beverage manufacturing industry, boost the economy, and align our laws with modern consumer expectations.

Sincerely,



Garrett W. Marrero
CEO and Co-Founder

Garrett@MauiBrewing.com

808.213.3007 office



Submitted February 5, 2026

Good morning, Mr. Chair, Madam Vice Chair, and members of the committee.

For the record, my name is Sam DeWitt, State Government Affairs Manager for the Brewers Association, a 501 C 6 national trade association dedicated to promoting and protecting America's craft brewers, their beers, and the growing community of enthusiastic craft beer drinkers. I'm testifying today in support of Senate Bill 2911, a bill that will allow consumers wider variety and brewers in the islands to grow their market and their businesses by reaching more consumers where they are. This bill is good for small craft beer businesses, good for consumers, good for state governments. I urge a yes vote.

Consumers want more variety, from more producers, whether those products are from in state or out of state. Hawaii is one of many states where direct to consumer shipping of wine is permitted, but shipping of beer is not. We can fix this oversight with the passage of SB 2911.

We understand that beer is a socially sensitive product, so DtC shipping legislation must incorporate appropriate, proven safeguards, the kind which are already in place for wine shipments. These include regulatory oversight in the form of licenses that must be renewed, guardrails to avoid abuse like mandatory ID checks and conspicuous packaging, as well as mechanisms to protect state revenues. SB 2911 checks all these boxes.

In the two decades since wine shipping became widespread in Hawaii and elsewhere, underage consumption has continued the downward trend that began in the 1990s. The concern about abuse is valid but is not reflective of the current climate. COVID changed many things, among them the ability to get beverages to go for enjoying at home. It's time to take this change to its logical conclusion: Legal drinking age customers should be able to purchase the beers they want from the brewers they love who can supply them in a regulated and responsible manner. Allowing Hawaii brands to expand their business by selling directly to consumers on the mainland is pro-consumer and smart economic policy.

I must also underscore here that our attempts to reach out to opponents of this measure have gone unanswered. We have tried to negotiate a solution in good faith with wholesalers in the islands and have been simply ignored. We expect they will be on hand to tell you that their jobs will be at risk if this passes, but that is not based in reality: the beers we wish to ship direct to consumer are not available through traditional retail, so these are completely separate from the products our

wholesale partners carry. No one is going to order online, pay a premium for delivery, then wait a week for a product they can purchase through a liquor store serviced by our wholesale partners. It defies reality to claim otherwise.

Brewers are still struggling to recover from the Covid era, making every single additional beer they can sell important to their survival. Other products are safely delivered directly to consumers, and the current marketplace demands that option for craft beer. This is particularly important for Hawaii's brewers, as it opens up new doors on the mainland, allowing our members to continue important relationships with vacationers visiting from the continent, offering beers they otherwise can only find in the Islands.

I urge a yes vote on SB 2911. Thank you for your time and for your service to the people of Hawaii.



1050 Bishop St. PMB 235 |
Honolulu, HI 96813
P: 808-533-1292 | e:
info@hawaiiifood.com

Executive Officers

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

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

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 9, 2026

TIME: 10am

RE: SB2911 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 as written. We believe that the current three tier system of manufacturers, distributors and retailers is the best system for most 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.

Dismantling this system by allowing direct shipment of all beer and spirits is not necessary and will likely have negative impacts for some of our local businesses.

We believe there is a possible compromise to allow direct shipment of only small batch locally made beer and spirits that are not carried at retail. We would be happy to help facilitate conversations with supporters of this measure and those that would be negatively impacted by it to help achieve a mutually beneficial compromise measure.

We thank you for the opportunity to testify.



1050 Bishop St. PMB 235 |
Honolulu, HI 96813
P: 808-533-1292 | e:
info@hawaiiifood.com

Executive Officers

Kit Okimoto, Okimoto Corp., *Chair*

Jayson Watts, Mahi Pono, *Vice Chair*

Jill Tamura, Tamura Super Market, *Secretary/Treas.*

Lauren Zirbel, HFIA, *President and Executive Director*

Paul Kosasa, ABC Stores, *Advisor*

Toby Taniguchi, KTA Superstores, *Advisor*

Joe Carter, Coca-Cola Bottling of Hawaii, Odom, *Advisor*

Eddie Asato, Pint Size Hawaii, *Advisor*

Gary Okimoto, Safeway, *Advisor*

Maile Miyashiro, C&S Wholesale, *Immediate Past Chair*



info@beertabhi.com
www.beertabhi.com

SB 2911- Direct to Consumer Beer and Distilled Spirits

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

Support

This bill allows another avenue of income to ship beer to the mainland (this is the exact same as wine clubs). The good part is the tax revenue stays in Hawaii.

Opposition will say that underage individuals will be ordering beer from us in the mainland. This has been proven through wine clubs that this does not happen. The product is too expensive and sending beer requires a lot of documentation from the buyer that deters underage people from trying this. Additionally a 21-year-old person must sign for it upon receipt.

Lastly, this is nothing new, we are simply trying to have the same ability to ship products to different states as wine does.

Thank you,

Nicolas Wong
Founder/Owner



info@beertabhi.com
www.beertabhi.com

Beer Lab HI
nicolas@beertabhi.com
808 5427015



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
AND COMMITTEE ON ENERGY & INTERGOVERNMENTAL AFFAIRS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229
MONDAY, FEBRUARY 9, 2026 AT 10:00 A.M.**

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

To The Honorable Senator Glenn Wakai, Chair
The Honorable Senator Stanley Chang, Vice Chair
Members of the Committee on Energy & Intergovernmental Affairs

SUPPORT SB2911 RELATING TO INTOXICATING LIQUOR

The Maui Chamber of Commerce supports SB2911 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

Mahalo for the opportunity to share our support of SB2911.

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.



ABC Stores
766 Pohukaina Street
Honolulu, Hawaii 96813-5391
www.abcstores.com

Telephone: (808) 591-2550
Fax: (808) 591-2039
E-mail: mail@abcstores.com

February 6, 2026

To:

Senate Committee on **Commerce and Consumer Protection**
Senate Committee on **Energy and Intergovernmental Affairs**
Hawai'i State Legislature

Re: Opposition to SB2911 – Relating to Intoxicating Liquor (Direct Shipment of Beer and Distilled Spirits)

Aloha Chairpersons and Members of the Committees,

My name is John Mark Mageo, Employee Relations & Government Affairs Manager for ABC Stores. We respectfully **oppose SB2911**, which would allow direct shipment of beer and distilled spirits by manufacturers to consumers in Hawai'i.

While framed as parity for producers, SB2911 raises serious concerns regarding public safety, enforcement, and fairness. Direct-to-consumer shipment, particularly of distilled spirits, weakens Hawai'i's proven safeguards that rely on in-person age verification, controlled distribution, and local accountability. Signature and labeling requirements cannot replace face-to-face verification at the point of sale.

The bill also places significant new regulatory and enforcement burdens on county liquor commissions without identified resources or uniform statewide standards. Oversight of out-of-state shippers, reporting, audits, and tax compliance will strain already limited county capacity.

Additionally, SB2911 creates an uneven playing field by allowing manufacturers to bypass local wholesalers and retailers who invest heavily in compliance, staffing, storefront operations, and community responsibility. This undermines Hawai'i's long-standing three-tier system that supports local jobs, tax collection, and public safety.

For these reasons, ABC Stores respectfully urges the Legislature to reject SB2911 and maintain Hawai'i's balanced and carefully regulated alcohol system.

Thank you for your time and attention.

Mahalo,

John Mark Mageo
Employee Relations & Government Affairs Manager
ABC Stores



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

February 6, 2026

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
State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: SB 2911 – Relating to Intoxicating Liquor
Hearing Date: Monday, February 9, 2026
Hearing Time: 10:00 AM

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

The Hawaii Liquor Wholesalers Association respectfully submits the following written
testimony in **opposition** to SB 2911 Relating to Intoxicating Liquor.

This bill would amend HRS Chapter 281 to allow direct shipment of unlimited amounts of
beer or distilled spirits from outside each county to persons within the county.

The primary support for this bill has been from some local producers, who claim inability
to contract with a wholesaler to sell their product statewide. It appears, however, that most if not
all of the local producers already have a wholesaler to distribute their product.

Supporters of this bill fail to point out that allowing direct shipment intrastate will also give
out of state beer and spirit manufacturers the same right to ship directly to Hawaii consumer
households.

The Dormant Commerce Clause of Article I Section 8 of the United States Constitution
prohibits state legislation that discriminates against or unduly burdens interstate commerce.
Consequently, allowing local producers on one island to ship to different islands would necessarily
give the same right to large mainland producers to sell and ship directly to local households.

This legislation would not help local producers to export to the mainland, since currently
only six other states would allow such direct shipments from Hawaii producers.

This legislation would allow direct shipments to bypass our local wholesalers, retailers, restaurants and dispenser general businesses and result in the following problems:

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. 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 a boom in 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 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 and each county to collect the appropriate taxes and license fees 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.

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

Senate Committees on
Commerce and Consumer Protection and
Energy and Intergovernmental Affairs
February 6, 2026
Page 3 of 3

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.

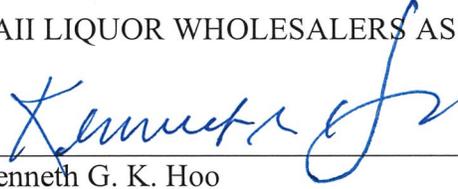
An audit should be conducted to determine whether the current direct ship program is working and whether the State is receiving all the taxes that should be paid on the direct shipments before any consideration is given to expanding direct shipment to other liquor.

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.

Based on the above, we respectfully oppose SB 2911. Thank you for your consideration of the foregoing.

Very truly yours,

HAWAII LIQUOR WHOLESALERS ASSOCIATION

By: 

Kenneth G. K. Hoo
Its Secretary



February 06, 2026

Re: Opposition to SB 2911, relating to intoxicating liquor.

On behalf of the Wine and Spirits Wholesalers of America, we respectfully submit these comments in opposition to SB 2911 which would hurt local businesses by permitting mainland distillers to ship spirits directly to residents' doorsteps.

While local liquor stores sell hundreds of SKUs, someone looking to order a product not available can already order up to 16 bottles of spirits each year pursuant to Section 281-33.1(b)

SB 2911 would harm local distillers, breweries, and retailers.

SB 2911 would let every distiller in the country ship its products directly to residents, taking sales away from local distributors and retailers in every shipment. Meanwhile, Hawaii's distillers will only be able to ship their spirits to the six states and D.C. that permit alcohol shipping. Hawaii's local distillers would struggle to compete in the online marketplace already dominated by investment-backed conglomerates that have the resources to afford steep shipping costs and staff to implement the logistics.

SB 2911 would increase the likelihood of underage access and is an unfunded mandate.

DTC increases the likelihood of underage access as there is very little oversight of age verification at the point of sale online and by the truck drivers upon delivery. In fact, recent DTC sting operations in Massachusetts and Vermont found the lack of age verification was rampant.

- In Massachusetts, 96% of the e-commerce platforms accepted the DTC order and payment from a 15-year-old, 26% of the shipments were left on the consumer's doorstep, and zero drivers verified the recipient's ID upon delivery.¹
- In Vermont, age verification was conducted only 20% of the time and some deliveries were handed to minors.²

DTC shipping decreases excise and sales tax revenue and is an unfunded mandate.

DTC leaves the state blind to the quantity of alcohol shipped into its borders and the data clearly shows that shippers fail to remit the required taxes to the state. Moreover, the labor drain and cost to the state to verify remittance and audit the additional licensees is estimated to be \$668,962³.

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 SB 2911.

¹ <https://www.wswa.org/news/massachusetts-abcc-finds-direct-link-between-dtc-alcohol-shipping-and-increased-underage>

² <https://brandfolder.com/s/cxm4wjg6hgzbnsp9c68wz8k>

³ <https://brandfolder.com/s/n3vv4h6zghkg2k9pzs4nfh>



Sincerely,

A handwritten signature in blue ink, appearing to read 'Chelsea Crucitti', is written over a light gray rectangular background.

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



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair
Commerce and Consumer Protection Committee

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice Chair
Energy and Intergovernmental Affairs Committee

Monday, February 9, 2026; 10:00 AM
Conference Room 229

RE: SB 2911 – Relating to Intoxicating Liquor – In Opposition

Aloha Chairs Keohokalole and Wakai, Vice Chairs Fukunaga and Chang and members of the committees:

This letter is submitted as testimony on behalf of the Distilled Spirits Council of the United States (DISCUS), a national trade association representing the leading distillers and supply chain businesses in the spirits industry.

Unfortunately, we cannot support SB 2911 in its current form. The bill would restrict which distillers could directly ship to those producing 20,000 barrels or less per year. We do respect the proposed household limit of six nine-liter cases per year. Hawaii is a unique market; many unique and allocated spirits products do not make it to traditional retail shelves in Hawaii. Adult drinking age consumers should have an option to purchase products that may not be widely available directly from the distiller.

Modern-day consumers want enhanced convenience when it comes to purchasing their favorite products and the rapidly changing world of commerce must adapt to meet consumer demand. Direct-to-consumer shipping has, will, and should continue to serve as an additional market access channel to the traditional three-tier system of alcohol beverage distribution.

Should you have any questions or if you would like to discuss this in more detail, please do not hesitate to contact me by email at adam.smith@distilledspirits.org or by telephone at (916) 833-5112. Thank you for your consideration of our views.

Sincerely,

Adam Smith
Vice President
Distilled Spirits Council

Feb. 9, 2026, 10 a.m.
Hawaii State Capitol
Conference Room 229 and Videoconference

To: Senate Committee on Commerce and Consumer Protection

Sen. Jarrett Keohokalole, Chair
Sen. Carol Fukunaga, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs

Sen. Glen Wakai, Chair
Sen. Stanley Chang, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

TESTIMONY IN SUPPORT OF SB2911 — RELATING TO INTOXICATING LIQUOR

Aloha chairs, vice chairs and other members of the committees,

The Grassroot Institute of Hawaii **supports** [SB2911](#), which would allow the direct shipment of beer and distilled spirits by certain licensees.

This bill represents a praiseworthy attempt to help local businesses by allowing certain brewers and distilleries to expand into direct-to-consumer sales. The bill contains safeguards against shipment to minors and nonpayment of taxes, which addresses the concerns often raised in opposition to direct sales of alcohol. Moreover, Hawaii already allows direct shipments of wine, creating an arbitrary and unfair distinction between wineries, breweries and distilleries.

Allowing for direct sales will give Hawaii businesses the opportunity to reach new customers and grow their business. Hawaii has been consistently ranked as one of the worst states in which to do business by outlets as

varied as CNBC, Forbes and the Tax Foundation.¹ If legislators want to improve the state’s business climate, they should embrace opportunities to remove burdensome regulations on local industries.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

¹ [“Hawai’i’s General Economic Competitiveness and Business Climate,”](#) Department of Business, Economic Development & Tourism Research and Economic Analysis Division, May 2025, p.5.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 9, 2026

HEARING BEFORE THE
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
SENATE COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

TESTIMONY ON SB 2911
RELATING TO AGRICULTURE

Conference Room 229 & Videoconference
10:00 AM

Aloha Chairs Keohokalole and Wakai, Vice-Chairs Fukunaga and Chang, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 2911, which allows direct shipment of beer and distilled spirits by certain licensees. This measure supports value-added agriculture by expanding market opportunities for locally produced alcoholic beverages made from Hawai'i-grown crops.

Hawai'i's farmers increasingly rely on value-added processing to remain viable. Products such as rum made from locally grown sugarcane, shōchū produced from Hawaiian sweet potato, spirits derived from pineapple, and mead made from Hawai'i honey create stable demand for agricultural commodities, increase farm revenue, and support agricultural diversification. These operations help keep agricultural lands in production while creating rural jobs and strengthening local supply chains.

Under current law, wineries are permitted to ship directly to consumers, while small breweries and distilleries do not have the same opportunity. SB 2911 addresses this imbalance by providing parity, while maintaining appropriate safeguards, including age verification, shipment limits, reporting requirements, and continued county liquor commission authority.

Direct-to-consumer shipping is particularly important for small, locally owned producers who may lack the scale or access to distribution networks necessary to reach broader

markets. Allowing limited, regulated direct shipping can help these businesses grow while continuing to source crops from local farmers.

SB 2911 does not deregulate alcohol or diminish public safety protections. Instead, it supports local agriculture and small manufacturing by expanding market access in a controlled and responsible manner.

Thank you for the opportunity to provide testimony.



AMERICA'S BEER & BEVERAGE DISTRIBUTORS

www.nbwa.org

February 9, 2026

RE: SB 2911 – Relating to intoxicating liquor - OPPOSE

I am writing to express the strong opposition of the National Beer Wholesalers Association (NBWA) to Hawaii Senate Bill 2911, which would open interstate direct shipping of beer to thousands of brewers across the country. NBWA is the national trade association representing the nearly 3,000 family-owned businesses and more than 135,000 employees of America's independent beer and beverage distribution companies, including more than 650 employees in Hawaii.

The argument is often made that if wineries have the ability to direct ship their products to consumers, breweries should enjoy the same privilege. Importantly, in the eyes of state and federal law, wineries and breweries are not the same. The two create different products and more importantly are regulated differently at the federal and state levels. Every state and the federal government have long treated each alcohol product category differently when it comes to issues like taxes, retail sales outlets, pricing laws, and yes, direct shipping privileges. Hawaii should resist exposing the state to the increased likelihood of unlicensed sales, tax avoidance, evading recycling responsibilities, counterfeit products reaching consumers and additional risks to public health and safety that direct shipping has produced in other states¹.

One fundamental difference between breweries and wineries is that every winery is required to hold a Federal Basic Permit from the United States Treasury Tax & Trade Bureau (TTB). While Hawaii regulators are able to physically license, visit, inspect and audit Hawaii breweries, they do not have the ability nor the right to do the same for out of state breweries. Breweries are not required to hold a federal permit. TTB has stated that a federal permit holder such as a winery could risk their federal basic permit by violating state direct shipping laws². They specifically state, *"Under these provisions of law, ATF could under appropriate circumstances take administrative action against a basic permit where a basic permittee ships alcoholic beverages into a State in violation of the laws of that State."* If an out of state winery is illegally shipping into Hawaii, Hawaii alcohol regulators can enlist the TTB to assist by revoking or suspending the winery's federal permit to operate. TTB does not hold the same regulatory authority over brewers, meaning that no federal entity would have oversight of out-of-state brewers illegally shipping into Hawaii³. Therefore, the burden of enforcing the law

¹ <https://www.mlive.com/public-interest/2021/10/nearly-160000-bottles-of-wine-illegally-shipped-into-michigan-a-steep-decline-after-ag-crackdown.html#:~:text=State%20law%20prohibits%20out%2Dof,wine%20directly%20to%20Michigan%20customers.>

² <https://www.ttb.gov/laws-regulations-and-public-guidance/rulings/2000-1>

³ Furthermore, the proposal would limit Hawaii's ability to enforce even further. The regulation of common carriers by states has been preempted by federal law. In a recent related case, the 7th Circuit noted that state ability to regulate common carriers like FEDEX and UPS on alcohol is likely preempted. *"[W]e know from Rowe v. New Hampshire Motor Transport Ass'n that states cannot require interstate carriers to verify the recipients' age."* Baude, 538 F.3d at 613 (emphasis added) (citing 552 U.S. 364 (2008)). *If Indiana cannot require common carriers to verify the age of a consumer before handing them a package that contains alcohol, then prohibiting retailers—both in-state and out-of-state—from using common carriers is a reasonable means by which the State can endeavor to keep alcohol out of the hands of minors."* Chicago Wine Co. v. Braun, No. 21-2068 (Aug. 5, 2025 7th Cir.)

over thousands of out-of-state brewers would fall entirely on Hawaii regulators. While winery shipping has some form of regulation, this brewer shipping proposes an unenforceable “honor system” that harms Hawaiian consumers, public safety and tax revenue.

Additionally, the 150,000 barrel threshold proposed in this bill to qualify for direct shipping privileges would exclude less than 100 of the nearly 10,000 beer manufacturers across the country not to mention thousands more around the world. This is not a small supplier carve-out but a privilege that would be available to more than 98% of the market.

It's worth sharing as well that only a very small minority of states have moved legislatively to allow out-of-state direct shipping of beer because of the many public health and regulatory concerns this issue presents. Instead, the alcohol marketplace and state legislation has evolved to where e-commerce tools are made available to consumers utilizing local delivery of products that have been sourced through Hawaii-licensed retailers and gone through the three-tier regulatory system. The growth of this local delivery model has provided tremendous consumer convenience while also assuring the existing regulatory framework is not compromised and product is only delivered from properly licensed businesses. This model is also helpful in assuring product freshness as beer, unlike most wine, is a perishable product subject to spoilage if not kept temperature-controlled and out of sunlight throughout the entire supply chain.

The beer industry in Hawaii and across the country continues to grow and innovate under the existing laws. The industry has seen thousands of new brands and new entrants in recent years and state legislatures have passed laws to accommodate new products and new business models. However, opening up the state of Hawaii to unaccountable and harmful direct shipments from out-of-state brewers is a step too far that could put at risk public health and the very system that's helped foster so much innovation and growth. I strongly encourage you to reject SB 2911.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "David Christman". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David Christman
Vice President, State Affairs
National Beer Wholesalers Association



808.878.1266
mauiwine.com

HC 1 Box 953
Kula, HI 96790-9304

LATE

February 9, 2026

To: **Senate Committee on Commerce and Consumer Protection**
Senate Chair: Jarrett Keohokalole and Vice Chair: Carol Fukunaga
-and-
Senate Committee on Energy & Intergovernmental Affairs
Senate Chair: Glenn Wakai and Vice Chair: Stanley Chang

RE: **SUPPORT: SB2911 - ALLOWING DIRECT TO CONSUMER SHIPPING**

Please give your support to SB1911 which will allow locally produced beer and spirits to be directly shipped to their customers.

Hawaii supported the wine industry in 2001 and again 2006, by allowing direct-to-consumer sales of our locally produced wines to customers on the mainland. At that time, the change was critical for the growth of our company, but in hindsight this change was significant to our overall viability. Without the ability to ship DTC, I do not believe Maui Wine could have survived the last 5 years had we not been able to sell wine directly to our customers that were not visiting Maui.

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.

Hawaii manufacturers are always at a disadvantage due to high production costs, limited large market exposure, and freight overhead which limits expansion. This makes us uncompetitive and less appealing to wholesalers and retail stores in the traditional 3-tier liquor distribution system, therefore keeping us out of many retail markets.

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

Thank you for your time and consideration of this important economic opportunity for Small Craft Producers in Hawaii.

Best regards,

Paula J. Hegele
President



LATE

KAUAI ISLAND BREWING CO.

PORT ALLEN, HAWAII

March 17, 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 SB2911: 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 SB2911, 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 96756

Mailing Address: PO Box 215, Elele, HI 96705

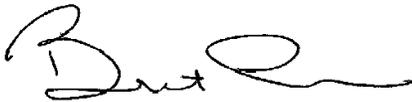
www.kauaiislandbrewing.com

- 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.
- 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 SB2911. 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** SB2911

A handwritten signature in black ink, appearing to read "Bret Larson". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Bret Larson
Kauai Island Brewing Company, LLC.
808-755-5331
bret@kauaiislandbrewing.com