



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Refer to
Legislative Secretary

JUN 18 1997

The Honorable Antonio R. Unpingco
Speaker
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>D. S. T.</u>
Time	<u>3:45 pm</u>
Date	<u>6-18-97</u>

Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 180 (COR), "AN ACT TO AMEND §§3213 AND §3227 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING FEES AND AUTHORIZED ACTIVITIES OF MICROBREWERY PUBS AND MANUFACTURERS OF ALCOHOLIC BEVERAGES.", which I have signed into law today as Public Law No. 24-39.

When I was a senator, I was instrumental in getting the bill passed which allows this new business to be operated on Guam. Substitute Bill No. 180 includes the original concept of licensing microbrewery pubs, which allows the sale of beer produced by the microbrewery pub for consumption at home or off-premises, as well as serving the beer within the confines of a restaurant setting for consumption on-premises.

This legislation allows microbrewery pubs to produce, in addition to the 8,000 barrels of beer per annum for consumption on-premises, 1,000 barrels to sell at retail for consumption off-premises. They can also produce beer for export.

I am pleased to sign this legislation into law, allowing the public to bring home a product being produced fresh on island, in order to enjoy it in their own homes. This legislation is good for the economy and increase of business on our island, and is good for the competition that is necessary to increase commercial activity.

Very truly yours,

Carl T. C. Gutierrez
Governor of Guam

Attachment 011275

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 6/18/97
Time: 1419
Rec'd by: [Signature]
Print Name: Kir/legis

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 180 (COR), "AN ACT TO AMEND §§3213 AND 3227 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING FEES AND AUTHORIZED ACTIVITIES OF MICROBREWERY PUBS AND MANUFACTURERS OF ALCOHOLIC BEVERAGES," was on the 7th day of June, 1997, duly and regularly passed.



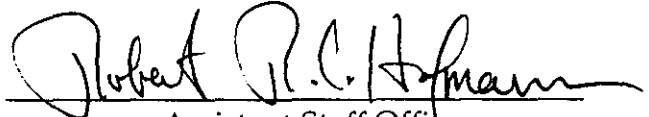
ANTHONY C. BLAZ
Acting Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 11th day of June, 1997, at
2:07 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: ~~24-39~~ 6-18-97

Public Law No. 24-39

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

Bill No. 180 (COR)

As substituted by the
Committee on Finance and Taxation,
and as amended on the Floor.

Introduced by:

L. F. Kasperbauer
T. C. Ada
J. C. Salas
E. J. Cruz
F. B. Aguon, Jr.
E. Barrett-Anderson
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
W. B.S.M. Flores
Mark Forbes
A. C. Lamorena, V
C. A. Leon Guerrero
L. Leon Guerrero
V. C. Pangelinan
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

**AN ACT TO AMEND §§3213 AND 3227 OF TITLE 11
OF THE GUAM CODE ANNOTATED, RELATIVE
TO THE LICENSING FEES AND AUTHORIZED
ACTIVITIES OF MICROBREWERY PUBS AND
MANUFACTURERS OF ALCOHOLIC
BEVERAGES.**

1 **BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:**

2 **Section 1. Legislative Findings.** The Guam Legislature finds that since
3 the enactment of P.L. 22-142 authorizing the operation of microbrewery pub
4 restaurants on Guam, experience has shown that it would be in the best
5 interests of patrons, restaurant owners and the general public to amend the
6 enabling statute to allow for the sale of brewery manufactured products for
7 consumption off-site.

8 Current restrictions placed on microbreweries stifle valid and
9 reasonable economic activity contrary to the free enterprise system. The
10 Guam Legislature has always been proponent of local business enterprises
11 including the manufacturing industry. Further, general highway safety
12 would be enhanced when patrons are allowed to purchase microbrewery
13 products for home consumption.

14 **Section 2.** Section 3213 of Division 1 of Title 11 of the Guam Code
15 annotated is hereby amended to read:

16 **"Section 3213. Same Manufacturer.** A person holding a Class 1
17 manufacturer's license as defined in this Chapter, or engaged in the
18 manufacture of alcoholic beverages other than as microbreweries,
19 outside the Territory of Guam, is authorized to manufacture and sell in
20 packages to persons holding manufacturer's or wholesaler's licenses, as
21 specified by the Board. No manufacturer of any alcoholic beverages,
22 other than microbreweries may hold or have interest in another class of
23 alcoholic beverage license directly or indirectly or engage in any activity

1 requiring any other alcoholic beverage license other than a
2 manufacturer's license."

3 **Section 3.** Section 3227 of Division 1 of Title 11 of the Guam Code
4 Annotated is amended to read:

5 **"Section 3227. License: Microbrewery-Pub; Authorizations.**

6 Notwithstanding any other provisions of law, a person holding a
7 microbrewery-pub restaurant license is authorized to:

8 (a) Annually manufacture and store on the licensed restaurant
9 premises, no more than eight thousand barrels of beer containing not
10 more than eight percent (8%) of alcohol by weight.

11 (b) Sell such beer so manufactured on the licensed restaurant
12 premises for consumption at the restaurant premises; as such premises
13 are described in the license.

14 (c) Sell beer, wine or other spirits not manufactured on the
15 licensed restaurant premises for consumption at the restaurant
16 premises; as such premises are described in the license.

17 (d) Sell on the licensed premises at retail, beer manufactured on
18 the licensed premises in brewery-sealed packages directly to the
19 consumer for consumption off premises. Such packages and the
20 method of packaging must be approved by the Department of Public
21 Health and Social Services with regards to sanitary conditions, date of
22 manufacture, method of storage to avoid perishability, expiration dates
23 and alcohol content by percentage of weight. The off-sale of beer
24 manufactured on the licensed premises is limited to an annual volume
25 of no more than one thousand (1,000) barrels. All off-sale transactions

1 shall be subject to gross receipts taxes under Article 2 of Chapter 26 of
2 Title 11, Guam Code Annotated and the alcoholic beverage taxes under
3 §26302 of Article 3 of Chapter 26 of Title 11, Guam Code Annotated.

4 (e) Sell to wholesalers holding, a Class 3 liquor license as
5 defined by §3207 of this Chapter, beer manufactured on the licensed
6 premises in brewery-sealed packages to licensees. Such packages and
7 the method of packaging must be approved by the Department of
8 Public Health and Social Services with regards to sanitary conditions,
9 date of manufacture, method of storage to avoid perishability,
10 expiration dates and alcohol content by percentage of weight. All
11 wholesalers purchasing beer from the brewery shall be required to pay
12 all alcoholic beverage taxes applicable under Article 3 of Chapter 26 of
13 Title 11, Guam Code Annotated.

14 (f) The microbrewery may manufacture and package on the
15 licensed premises beer in an unlimited quantity for export outside of the
16 territory of Guam. Such packages and the method of packaging must be
17 approved by the Department of Public Health and Social Services with
18 regards to sanitary conditions, date of manufacture, method of storage
19 to avoid perishability, expiration dates, alcohol content by percentage of
20 weight and a label stating that such beer was manufactured for sale
21 outside of the Territory of Guam.

22 (g) No manufacturer of any alcoholic beverage holding a Class
23 1 Manufacturer's License under the provisions of §3207 of this Chapter,
24 or who actively engages in the manufacture of alcoholic beverages
25 outside of the Territory of Guam other than as a microbrewery-pub,

1 may obtain a Class 11 License to operate a microbrewery pub restaurant
2 as defined herein."

PL 24-39



TWENTY-FOURTH GUAM LEGISLATURE

Office of the Vice-Speaker

ANTHONY C. BLAZ

May 27, 1997

**LEGISLATIVE
COMMITTEE
MEMBERSHIP**

Chairman
Finance & Taxation

Vice-Chairman
Rules,
Government Reform
& Federal Affairs

Education

Natural Resources

Health &
Human Services

Tourism, Economic
Development & Cultural
Affairs

Judiciary,
Public Safety &
Consumer Protection

Transportation,
Telecommunications, &
Micronesian Affairs

MEMBERSHIP

Guam Finance
Commission

Commission on Self
Determination

The Honorable Speaker Antonio R. Unpingco
24th Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Finance and Taxation, to which was referred Bill No. 180, "AN ACT TO AMEND §3227 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS.," was subsequently substituted by the Committee, and herein reports back with the recommendation **TO DO PASS**.

Votes of the committee members are as follows:

8 To Pass

_____ Not To Pass

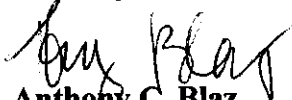
_____ To Place in Inactive File

_____ Abstained

_____ Off-Island

_____ Not Available

Sincerely,


Anthony C. Blaz

Attachments

Committee on Finance and Taxation

Vote Sheet on

Bill No. 180

as substituted by the Committee on Finance & Taxation

“AN ACT TO AMEND §3227 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS”.

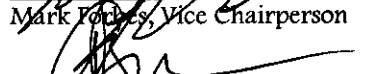



Anthony C. Blaz, Chairperson

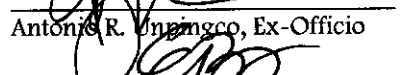
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Mark Forbes, Vice Chairperson

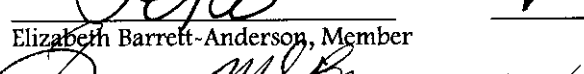
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Antonio R. Unggco, Ex-Officio


✓


Elizabeth Barrett-Anderson, Member

✓


Joanne M.S. Brown, Member


✓


Edwardo J. Cruz, Member

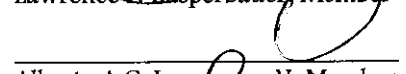
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Lawrence F. Kasperbauer, Member

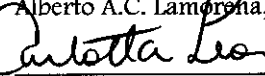
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Alberto A.C. Lamorena, V, Member

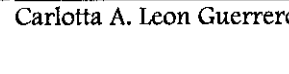
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Carlotta A. Leon Guerrero, Member

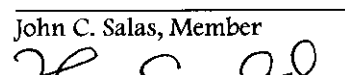
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John C. Salas, Member

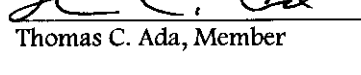
✓


Thomas C. Ada, Member


✓


Mark C. Charfauros, Member

✓


William B.S.M. Flores, Member

✓


Francis E. Santos, Member

✓

**Committee on Finance and Taxation
Report on Bill No. 180**

“AN ACT TO AMEND §3227 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS”.

PUBLIC NOTICE:

Pursuant to the requirements of the Standing Rules, notice of the Public Hearing on Bill No. 180 was published in the Pacific Daily News on March 22nd and 24th.

PUBLIC HEARING:

The Committee on Finance and Taxation conducted a public hearing on Monday, March 24, 1997 to hear testimonies on Bill No. 180, “AN ACT TO AMEND §3227 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS”.

The public hearing was held in the Legislative Public Hearing Room.

MEMBERS PRESENT:

The hearing was called to order by the Chairperson of the Committee on Finance and Taxation, Vice Speaker Anthony C. Blaz. Committee members present were:

Senator Elizabeth Barrett-Anderson
Senator Edwardo J. Cruz
Senator Joanne M.S. Brown
Senator Alberto A.C. Lamorena, V.

Other Senators present were:

Senator Vicente C. Pangelinan
Senator Frank B. Aguon, Jr.

Providing Public Testimony on the Bill:

Robert McCraley - Gotham City Station (oral) (written)
Helmut Scholz - Pacific Universal Brewing (oral) (written)
Allen A. Pickens - Pacific Universal Brewing (oral) (written)
Paul Mendiola - Pacific Universal Brewing (oral) (written)
Planet Hollywood Rep (oral)
Denis F. Regnier - Pacific Star Rep (oral)
David Meikle - Gotham City Station (written)
Peter (Sonny) Ada, Chairman, Guam Chamber of Commerce
Frank S.N. Shimizu, Ambros Inc. (written)
John Calvo, Mid-Pac Distributing Corp. (written)
Albert Perez, Topsy Distributing Company (written)
Christopher Torres, Western Sales Trading, Co. (written)

Providing Public Testimony on the Bill: (Cont.)

Milton Crotts, University of Guam

Peter C. Mayer, Mangilao, Guam

Paul S. Tobiason, Chalan Pago, Guam

BACKGROUND:

All testifying at the public hearing both directly and indirectly associated with Guam's relatively new micro-brewery pub industry were in unanimous support of Bill No. 180, as reflected in the attached testimonies.

Senator Barrett-Anderson raised the concern on the problem of drunk-driving and called on the industry to play an active public outreach role in promoting prevention initiatives and education of drunk driving. The program "serving alcohol with care" was cited as a program already developed.

Senator Cruz cited concern on health and sanitation with regards to locally produced beer. In response, it was noted that historically and nationally, there were no health problems associated with the industry.

With the noted absence of representatives from the beer wholesale distributors, Committee staff contacted key principles from Mid-Pac Liquor, John Calvo; Topsy Distribution, Albert Perez; and Ambros Inc., Frank Shimizu. Collectively, they felt that they would not object to the bill if amended to insure a level playing field with the allowance to sell on-site manufactured beer for off-site consumption.

A meeting was held by parties concerned on May 22, 1997 to further discuss concerns and review a proposed substitute bill. Based on the comments at that meeting, a Substitute Bill 180 was agreed upon and finalized.

COMMITTEE FINDING & RECOMMENDATION:

The Committee, having reviewed the testimonies presented at the hearing, and addressing the concerns of industry member, does hereby recommend to the Legislature TO DO PASS Bill No. 180 as substituted by the Committee on Finance & Taxation, "AN ACT TO AMEND §3227 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS".



LEGISLATIVE TESTIMONY

Prepared for Public Hearing in Favor of Bill No. 180
Monday March 24, 1997 2:00 P.M.

Thank you very much for the opportunity to appear before you today. My name is Helmut Scholz. I am the President of Pacific Universal Brewing, dba The **PUB** which has been operating as Guam's first brewery/restaurant since July 4, 1996. You may recall that in March and June of 1994, I gave similar testimony in favor of two bills, one of which was successfully passed and allowed for the licensing of brewery-restaurants on Guam. This legislation (Public Law 22-142) currently allows brewpubs to sell fresh beer only on the licensed premises. Bill 180 seeks to expand the scope of the micro-brewery-pub restaurant to allow licensees to manufacture and sell beer on and off island. I would like to outline the numerous benefits off-premises beer sales would bring to the island of Guam:

Revenue-Generating and Business Opportunity

GRT, payroll taxes, income tax, license fees and all other contributions associated with businesses will be enhanced. A myriad of support services and products are needed to keg, bottle and distribute beer, most of which will come from the local marketplace.

Promotion of Locally Made Products

It is in the interest of the people of Guam to support local manufacturing businesses, thus reducing the dependence on imported goods as well as showing pride in a genuine locally-made fresh product.

Freshness and Quality of Product Guaranteed

Unlike wine, beer does not age well and is best consumed fresh. Only microbreweries and brewpubs, who sell their beer primarily in the communities where it is brewed, can guarantee that freshness. Since there is no transportation over long distances and prolonged shelf life, our beers are made only of high quality raw materials (malt, hops, water and yeast), with no need for adjuncts or chemical preservatives.

Employment Opportunity

Further jobs will be created through the ripple effect of handling, packaging, distribution, retail sales, export and dispensing equipment maintenance.

Vocational Education

The **PUB** began a brewer-apprenticeship program in July 1996 with the goal being to train and certify Guam's first brewmaster. The **PUB's** selection for Assistant Brewer is Paul Mendiola, who has been learning the brewing process since August 1996. His testimony will also be given today. Under current brewpub law, Paul and those who follow may be unable to advance their careers if beer production is limited to the small quantities for on-premises sales only.

Environmentally Sound

Waste products from the brewing process (grain mash) will continue to be recycled as animal feed or organic fertilizer. The **PUB** established a network with local farmers who collect our spent grains free of charge. Surplus brewing yeast does not tax the sewer system, either; instead we donate it to the Department of Agriculture, where it is utilized as a special ingredient in a natural pest control formula to combat fruit flies on local farms.

Public Demand/Public Safety

The **PUB** has been inundated with requests from its customers who would prefer to enjoy fresh beer at home. Many customers cite the positive aspects of take-out beer, giving them the ability to take our fresh beer to the safety of their home. We support responsible citizens who don't drink and drive!

Consumer Choice

Every supermarket, convenience store, even gas stations stock a variety of beers, both American and foreign imports. So do restaurants, bars and hotels. The only beer not available for purchase is local beer, brewed with pride in Guam. We believe that is wrong.

I thank you for your time and consideration of this matter.

180
**TESTIMONY RE BILL NO. 170(COR), RELATIVE TO THE LICENSING
OF A MICROBREWERY-PUB RESTAURANT**

My name is Allen A. Pickens. I have lived on Guam for approximately 31 years. I am a shareholder and Chairman of the Board of Directors of Pacific Universal Brewing, Inc., dba The PUB. I am here to testify in support of Bill No. 170.

180

Guam has very little manufacturing at the present time. Virtually all that we consume must be brought from off-island. The effect of paying for imports negatively impacts our economy. For a significant number of years those in positions of authority have worked, with limited success, to entice manufacturers to our Island. In industries other than alcoholic beverages, vertical integration is permitted and not uncommon; i.e., the manufacturer is permitted to obtain wholesale and retail licenses.

The cost of equipment for a microbrewery is not insignificant. In order to be economically successful, a microbrewery requires the option of selling both on premise (restaurant facilities) and off-premise, either through a wholesaler or direct to consumers. This model has gained significant popularity within the United States and is rapidly expanding overseas. The draft legislation before you now places a specific limitation on the amount of beer which can be manufactured and sold. The 8,000 barrel limit is an insignificant figure when compared with local beer sales. Further, local beer distributors will be able to participate in the distribution of the product manufactured. Thus, they will have the opportunity to sell virtually the same quantity of product; their current products and the product manufactured by the local microbrewery. The manufacturer, distributor(s) and the economy of Guam will be the beneficiaries of this legislation.

Thank you for the opportunity to speak on this issue.



Good Afternoon Senators,

My name is Paul Mendiola and I am the Assistant Brewer at the PUB. As the Assistant Brewer, I have had the opportunity to talk with many customers and many of them have asked me when they can take some of our beer home because they would prefer to drink a couple of beers at the PUB and then take home the beer and relax at home and not worrying about driving around.

Also, Guam has the opportunity to sell locally brewed beer to outside consumers so these people can experience what fresh beer tastes like compared to the other beers out on the market now.

Finally, the PUB is willing to send me off-island for schooling to acquire my Brewmaster degree which I believe is an honor because then it would make me a possible first local Brewmaster. But this would not be possible if we are not allowed to brew enough beer to pay for my education.

Thank You.

THE GOTHAM CORPORATION

300 S MARINE DRIVE
TAMUNING, GUAM 96911
TEL: 671-649-6134
FAX: 671-649-6368

STATEMENT IN SUPPORT OF BILL No. 180, AN ACT TO AMEND S3227 TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS

The history of beer stretches back thousands of years. Beer was brewed by the Mesopotamians, Sumarions and ancient Egyptians. In North America, fermented beverages were being produced long before Europeans arrived. We know that the first European settlers were greeted by the natives with a wine made from the persimmon. By 1629, the early American settlers had established the first breweries in America. Many of the "founding fathers" were also brewers. William Penn, the Quaker founder of the Pennsylvania colony had a brewery on his estate. Thomas Jefferson and Samuel Adams were brewers, and the New York Public Library has a beer recipe on file which was written by George Washington.

Brewing in the United States peaked in the 1870's with over 4,000 breweries throughout the nation. Most of these breweries, like their European cousins, were small-scale breweries in the back-room of a pub or free-standing small local breweries serving their surrounding communities. From this apex right up until Prohibition, the numbers of breweries were declining as companies merged and consolidated in an attempt to produce a beer that could sell nationwide. Within a year after the repeal of Prohibition, there were over 700 breweries back in operation, but the numbers again began to dwindle as the larger breweries pushed the smaller breweries out of business.

By the late 1970's, the number of breweries in the United States had dwindled to less than 40, with a hand full of these controlling the market. It appeared as if the US was destined for one or two bland national beers. But about this same time, consumers began to demand more diversified and up-scale products, especially in the areas of food, wine and beer. It was also observed that drinking patterns of an increasing number of consumers were developing toward moderation in consumption. It has been demonstrated that these consumers demand, and are willing to pay more, for high quality, distinctive beers that instill a sense of regional pride and craftsmanship.

Gotham City Station and the PUB are both striving to provide a unique, high quality product for the more discriminating consumer. Currently these fresh, hand crafted beers can only be enjoyed at the site of the microbrewery. This deprives the customers the freedom to enjoy these products at home. It also discriminates against residents who live a significant distance from the microbrewery. We believe that these freedoms of choice and equal access should not be withheld.

It is also believed that this proposed change to the current laws governing alcohol sales in Guam will not affect the total amount of beer that is consumed. It will provide a greater freedom of choice for the citizens of Guam. It can also serve to provide some additional revenue for these local small businesses; possibly allowing for increased employment.

It should be noted that the maximum beer production capacity of Gotham City Station is but a very small percentage of the total beer consumption of Guam. Further, the amount of beer that would be available for off-site sale is a relatively small percentage of our total capacity. We expect that a large percentage of our off-site sales would be in the form of "gift packs" targeted at the tourist market. These nicely packaged "3-pack and a T-shirt" combinations will make a great gift, and will uniquely market Guam in the tourist's home countries.

We also anticipate being able to provide re-usable containers which could be filled for "take home". Returnable kegs could also be provided for small parties or fiestas. These methods of off-site distribution both have the advantage of eliminating the waste of disposable bottles and cans. We can even envision future export of these locally produced products to surrounding regions.

Note that the proposed change to the law governing Brew Pubs in Guam is similar to existing laws in the United States. For example, Section 23357 of the California Business and Professions Codes states the following:

23357. A licensed beer manufacturer may, at the licensed premises of production, sell to consumers for consumption off the premises beer which is produced and bottled by, or produced and packaged for that manufacturer. Licensed beer manufacturers may also sell beer to any person holding a license authorizing the sale of beer and may sell beer to consumers for consumption on the manufacturer's licensed premises or on premises owned by the manufacturer which are contiguous to the licensed premises and which are operated by and for the manufacturer. Licensed beer manufacturers may also sell beer and wine, regardless of source, to consumers for consumption at a bona fide public eating place on the manufacturer's licensed premises or at a bona fide public eating place on premises owned by the manufacturer which are contiguous to the licensed premises and which are operated by and for the manufacturer. Notwithstanding any other provision of this division, licensed beer manufacturers and holders of out-of-state beer manufacturer's certificates may be issued and may hold retail package off-sale beer and wine licenses. Alcoholic beverage products sold at or from the off-sale premises which are not produced and bottled by, or produced and packaged for, the beer manufacturer shall be purchased by the beer manufacturer only from a licensed wholesaler.

Note also that the brew pub industry is looked upon favorably in the U.S. as evidenced by the following measure designating the week commencing July 12, 1993 as California Small Brewers Week.

BILL NUMBER: SCR 21 CHAPTERED 07/13/93

**RESOLUTION CHAPTER 49
FILED WITH SECRETARY OF STATE JULY 13, 1993
ADOPTED IN ASSEMBLY JULY 8, 1993
ADOPTED IN SENATE JULY 2, 1993**

**INTRODUCED BY Senator Thompson
(Co-author: Assembly Member Bates)**

**WHEREAS, 1993 marks the 10th anniversary of legislation making possible in California the creation of brewpubs, which combine small breweries with restaurants; and
WHEREAS, Since the enactment of this legislation, California now has more than 85 brewpubs and microbreweries in over 60 California towns and cities, creating an industry recognized as one of the fastest growing in the state; and
WHEREAS, California's brewpubs and microbreweries are contributing significantly to California's economy by creating more than 3,000 new jobs in the past 10 years, increasing investment in construction and manufacturing, providing new markets for agricultural products, expanding business for distributors and retailers, and contributing to California's tax revenues through more than \$1,000,000 in state excise taxes annually; and**

WHEREAS, Beer as a beverage of moderation has played a significant role in society, dating from the earliest recorded cultures and continuing throughout the social and political history of the United States, and is enjoyed by every segment of the population; and

WHEREAS, California's small brewers are enhancing the public's perception of beer, introducing a broad range of traditional beer styles and emphasizing appreciation and responsible consumption of these hand-crafted products in an atmosphere that brings together both fine beer and outstanding food by some of California's most creative young chefs; and

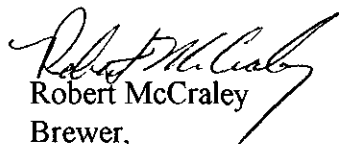
WHEREAS, California's brewpubs and microbreweries are leaders nationally in the production of high quality ales and lagers, consistently winning awards in commercial competition for their products; and

WHEREAS, Brewing is recognized as one of the oldest community traditions, serving as a center of employment and a social hub of the community, from the first American settlements to the current renaissance in craft brewing; and

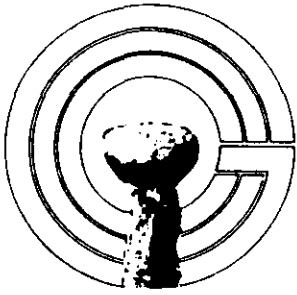
WHEREAS, California's small brewers continue this tradition by becoming an important part of their local communities through the donation of their time and products in support of local charities and activities, supporting causes ranging from children's issues and rape crisis clinics to public television; and

WHEREAS, The innovation and creativity of California's small brewers have stimulated significant research and investment in new processes and equipment, including the introduction of new beer styles and brewing processes; now, therefore, be it Resolved by the Senate of the State of California, the Assembly thereof concurring, That the Legislature of the State of California commend the accomplishments of California's small brewers in this, the 10th anniversary of the legislation allowing the establishment of brewpubs, and recognize the important contributions of brewpubs and microbreweries to the economy of the State of California, their commitment to quality and innovation, and their efforts to encourage the responsible appreciation of beer; and be it further Resolved, That the Legislature of the State of California hereby proclaims the week commencing July 12, 1993, as "California Small Brewers Week" to promote recognition and appreciation for California's brewpubs and microbreweries.

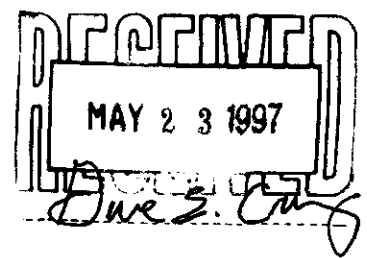
The current law providing for microbrewery-pubs in Guam has allowed Guam to participate in the world wide craft brewed beer revolution. We believe that anyone who has visited the PUB would agree that it was an enjoyable experience. We at Gotham City Station also plan to provide the local residents and tourists with an enjoyable and memorable experience. This proposed amendment to allow off-site sales of microbrewed beer is a natural progression, expanding the availability of these uniquely flavored locally produced products to the citizens of Guam. This proposed amendment is also consistent with existing legislation in numerous states which have extensive and positive experience with microbreweries. We endorse the passage of Bill 180 to amend S3227 Title 11, Guam Code Annotated, Relative to the Licensing of Microbrewery-Pubs.


Robert McCraley
Brewer,
Gotham City Station


David Meikle
President
Gotham Corporation



GUAM CHAMBER OF COMMERCE
PARTNERS IN PROGRESS



May 21, 1997

Vice Speaker Anthony C. Blaz
Chairman
Committee on Finance & Taxation
Twenty-Fourth Guam Legislature
155 Hesler Street
Agana, Guam 96910

RE: Bill No. 180: Microbrewery-pub Restaurants

Dear Vice Speaker Blaz:

On behalf of the Board of Directors, I am forwarding our position on Bill No. 180, proposing amendments to Guam's Alcoholic Beverage Control (ABC) Law relative to microbrewery-pub restaurants.

The Guam Chamber of Commerce supports passage of the bill if Guam's current laws are amended to require payment of the alcoholic beverage excise tax on:

1. All wholesale sales in Guam of alcoholic beverages manufactured in Guam and on the licensed premises of Class 11 microbrewery-pub restaurants. Specifically, Section 36302 of the Government Code should be amended to eliminate the exemption for wholesalers; and,
2. All alcoholic beverages manufactured on the licensed premises of Class 11 microbrewery-pub restaurants that are sold for off-premise consumption.

I thank you for the opportunity to provide our input on Bill No. 180.

Sincerely yours,

PETER (SONNY) P. ADA
Chairman of the Board

April 16, 1997

Re: Bill No. 180 & 170: Microbrewery-Pubs

Dear Chamber Members:

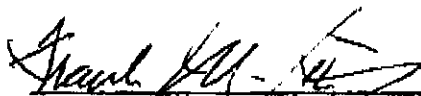
Four member wholesalers met recently to discuss and comment on the above bills, relative to Microbrewery-pubs. We are pleased to welcome the newest class of alcoholic beverage business licensees: microbrewery-pubs (Class 11). All 3 classes: retailers (Class 4 & 5) with thousands of employees, wholesalers (Class 3) with over 600 employees and brew-pubs contribute significantly to Guam's economy.

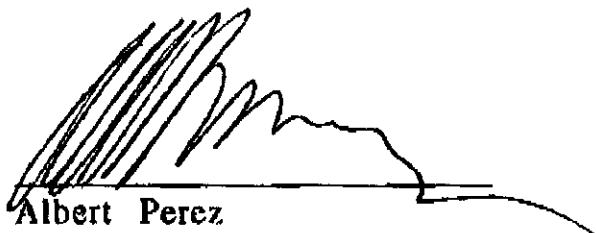
Our comments and position on the above referenced bills follow:


1. All alcoholic beverage manufacturers should be required to sell their products for off-premise or off-sale consumption to licensed wholesalers only.
2. Wholesalers of alcoholic beverages should be required to pay any/all applicable taxes, including Guam excise tax.
3. Holders of Class 11 microbrewery-pub restaurant licenses may sell their locally manufactured alcoholic beverages without payment of excise taxes (a) if and only for consumption at their restaurant premises, as intended by and described in PI. 22-142 and (b) if product is shipped for export outside of the territory of Guam. All other sales are handled per (1) and (2) above.
4. If brew-pubs contribute to Guam's tax revenue through payments of excise taxes on sales described on (1) and (2) above, there should be no limits placed on what a brew-pub can produce.

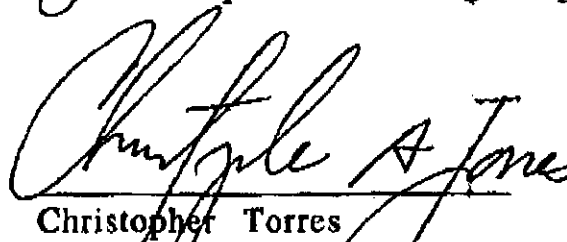
Letter to the Board of Directors
April 16, 1996
Page 2

Microbreweries and brew-pubs are very common in the U.S. and continue to grow. Some states (eg. Maryland) allow brew-pubs to sell directly to customers for on-premise consumption in their restaurants and off-premises through a licensed wholesaler only. Other states (eg. Kentucky) do not allow brew-pubs to sell off-site at all. The above states as well as California, Washington, Oregon and others require brew-pubs and their wholesalers to pay excise taxes on all sales for off-premise/off-site consumption.


Frank S.N. Shimizu
President
Ambros, Inc.


Albert Perez
General Manager
Topsy Distributing Company


John Calvo
General Manager
Mid-Pac Liquor Distributing Corp.


Christopher Torres
Chief Executive Officer
Western Sales Trading Co.

UNIVERSITY MUSIC
College of Arts & Sciences
UOG Station, Mangilao, Guam 96923
Phone: (671) 735-2714 Fax: (671) 734-1027
Email: mcrotts@uog9.uog.edu

FAX MEMORANDUM

Date: March 31, 1997

To: Senators, 24th Guam Legislature
From: Milton Crotts, University Music
Re: Supporting Bill #180

The PUB or Pacific Universal Brewery has contributed more than \$2,000 to University Music this year. This thriving "local" business which produces a Guam product is a community minded business. I write this letter in support of Bill #180 and certainly hope that you will too.

Sincerely,
/s/
Milton Crotts

-end of memorandum-

Fax: One (1) Page

Peter C. Mayer
P. O Box 25921
GMF, Guam 96921-5921
U. S. A.

Phone: Country Code 671
Home: 734-7537
Office: 649-6809/14/59
Office Fax: 649-6885
E-mail: pmayer@ns.gu

For Hearing March 24, 1997, 2:00 P. M.
Legislature's Public Hearing Room

Testimony on Bill No. 180
Permitting Sale by Microbreweries for Consumption Off
Premises

1 The following personal tale is testimonial for permitting sales by
2 microbreweries for off premises consumption. Saturday, in a
3 microbrewing, I ask to have filled a gallon container with a particular
4 brew for use in making chile. "Sorry, we are not allowed to sell beer for
5 off-premises consumption." When I asked where I should wail and
6 complain, I learned of Bill No. 180, to permit microbrewery sales for off
7 premises consumption, and learned of the hearing on the Bill. If I were
8 able to use the brew from the microbrewery for my chile, my chile would
9 taste better and Guam's economy would have benefitted more than from
10 my use of Japanese beer. If Bill 180 passes, I look forward to improved
11 chile.


Peter C. Mayer
Mangilao

From: Paul S. Tobiason at #671-472-1047
To: Sen. A. Blaz at #*70,4723562

04-11-97 12:05 am
001 of 001

09 April 1997
PO Box 47
Agana, Guam, 96932

Subject: Bill 180
Opinion: In Favor

24th Guam Legislature
155 Hessler St.
Agana, Guam, 96910

Senators:

I wish to express my opinion as a Guam resident on the recently proposed bill, #180, which would allow local microbreweries to bottle, keg, sell for consumer takeout, and export their local brews. I would like this bill to be passed into law and ask that you cause this to happen.

I am a patron of our one local microbrewery and am looking forward to visiting another which I understand will open soon. I have asked to purchase some locally brewed beer to take home. But, until now, I am unable to do this. I feel that Guam needs more enterprises that can showcase our island's "MADE ON GUAM" products. By only allowing microbreweries to serve on-site beer, we are limiting their opportunity to broaden their source of revenue and thus their chance of longterm success.

Not only do your constituency and island visitors want to continue to enjoy such beer but many residents find employment here and thus contribute their tax-dollars. Therefore, please pass bill #180.

Sincerely,

Paul S. Tobiason
resident, Chalan Pago

+

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill Number: 180
 Amendatory Bill: Yes

Date Received: March 20, 1997
 Date Reviewed: March 24, 1997

Department/Agency Affected: Department of Revenue & Taxation
 Department/Agency Head: Joseph Duenas, Director
 Total FY Appropriation to Date: \$10,530,201

Bill Title (preamble): AN ACT TO AMEND §3227 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE LICENSING OF MICROBREWERY-PUBS.

Change in Law: §3227 of Title 11, Guam Code Annotated

Bill's Impact on Present Program Funding:
 Increase _____ Decrease _____ Reallocation _____ No Change X

Bill is for:
 Operations _____ Capital Improvement _____ Other X

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Economics & Finance	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<u>1/</u>					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ _____

AGENCY/PERSON/DATE CONTACTED: Department of Revenue & Taxation/ March 1997

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<u>1/</u>					
OTHER						
TOTAL						

ANALYST md DATE 3/24/97 DIRECTOR Joseph E. Rivera, Acting DATE MAR 24 1997
 M. Dizon

FOOTNOTES: See attached.

1/

Bill 180 proposes to amend §3227 of Title 11, Guam Code Annotated in order to allow for the sale of brewery manufactured products for consumption off-site. This proposal may increase revenues to the General Fund, in increasing payments of Gross Receipts Tax and Corporate Income Tax.