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# A BILL FOR AN ACT

RELATING TO INTOXICATING LIQUOR.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Section 231-28, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "**§231-28 Tax clearance before procuring liquor licenses.**

4 (a) No liquor licenses shall be issued or renewed unless the  
5 applicant therefor shall present to the issuing agency, a  
6 certificate signed by the director of taxation, showing that the  
7 applicant does not owe the State any delinquent taxes,  
8 penalties, or interest.

9 (b) For the period from January 1, 2010, to December 31,  
10 2012, a temporary liquor license may be issued if the applicant  
11 shall present to the issuing agency a temporary certificate  
12 signed by the director of taxation showing that the applicant  
13 has entered into a payment plan with the director of taxation  
14 for the filing of the return and the payment of taxes for a  
15 period of time to be determined by the director of taxation.  
16 If, at any time during the period of time covered under the  
17 payment plan, the applicant becomes delinquent in either the  
18 filing of the return or the payment of taxes due thereon, the



1 director of taxation shall revoke the temporary certificate and  
2 immediately notify the issuing agency of the revocation."

3 SECTION 2. Section 281-32, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§281-32 Licenses, temporary.** A temporary license of any  
6 class and kind specified in section 281-31 may be granted under  
7 the following conditions:

8 (1) The premises shall have been operated under a license  
9 of the same class, kind, and category issued by the  
10 liquor commission at least one year immediately prior  
11 to the date of filing of the application for a  
12 temporary license, except as otherwise approved by the  
13 commission;

14 (2) The license of the same class, kind, and category then  
15 in effect for the premises shall be surrendered in  
16 such manner and at such time as the commission shall  
17 direct;

18 (3) The applicant for a temporary license shall have filed  
19 with the commission an application for a license of  
20 the same class, kind, and category currently or  
21 previously in effect for the premises;



1 (4) The application for a temporary license shall be  
2 accompanied by a license fee in such amount as may be  
3 prescribed by the commission. If the application is  
4 denied or withdrawn, the fee which accompanied the  
5 application shall become a realization of the county;

6 (5) For the period from January 1, 2010, to December 31,  
7 2012, the application for a temporary license may be  
8 accompanied by a temporary tax clearance granted by  
9 the director of taxation showing that the applicant  
10 has a temporary permit to file returns under a payment  
11 plan entered into with the director of taxation for  
12 the payment of taxes, penalties, or interest owing to  
13 the State; provided that the temporary license shall  
14 be revoked pursuant to section 281-91 upon receipt of  
15 written notice from the director of taxation that the  
16 director of taxation has revoked the temporary permit  
17 to file returns under the payment plan;

18 [~~5~~] (6) A temporary license shall be for a period of not  
19 in excess of one hundred and twenty days. The license  
20 may be renewed at the discretion of the commission for  
21 not more than one additional one hundred twenty-day  
22 period upon payment of such additional fee as may be



1 prescribed by the commission and upon compliance with  
 2 all conditions required in this section and section  
 3 281-31. When a temporary license has expired and no  
 4 permanent license has been issued, the sale and  
 5 service of liquor shall cease until the permanent  
 6 license is issued; provided that, when applicable, the  
 7 license shall be properly renewed;

8 [~~6~~] (7) A temporary license shall authorize the licensee  
 9 to purchase liquor only by payment in currency, check,  
 10 or certified check for the liquor before or at the  
 11 time of delivery of the liquor to the licensee, except  
 12 as otherwise provided by commission rule; and

13 [~~7~~] (8) Sections 281-52 and 281-54 and sections 281-56 to  
 14 281-61 shall not apply to any application for a  
 15 temporary license."

16 SECTION 3. Section 281-45, Hawaii Revised Statutes, is  
 17 amended to read as follows:

18 "**§281-45 No license issued, when.** No license shall be  
 19 issued under this chapter:

- 20 (1) To any minor or to any person who has been convicted
- 21 of a felony and not pardoned (except that the
- 22 commission may grant a license under this chapter to a



1 corporation that has been convicted of a felony where  
2 the commission finds that the organization's officers  
3 and shareholders of twenty-five per cent or more of  
4 outstanding stock are fit and proper persons to have a  
5 license), or to any other person not deemed by the  
6 commission to be a fit and proper person to have a  
7 license;

8 (2) To a corporation the officers and directors of which,  
9 or any of them, would be disqualified under paragraph  
10 (1) from obtaining the license individually, or a  
11 stockholder of which, owning or controlling twenty-  
12 five per cent or more of the outstanding capital  
13 stock, or to a general partnership, limited  
14 partnership, limited liability partnership, or limited  
15 liability company whose partner or member holding  
16 twenty-five per cent or more interest of which, or any  
17 of them would be disqualified under paragraph (1) from  
18 obtaining the license individually;

19 (3) Unless the applicant for a license or a renewal of a  
20 license, or in the case of a transfer of a license,  
21 both the transferor and the transferee, present to the  
22 issuing agency a signed certificate from the director



1 of taxation and from the Internal Revenue Service  
2 showing that the applicant or the transferor and  
3 transferee do not owe the state or federal governments  
4 any delinquent taxes, penalties, or interest; provided  
5 that for the period from January 1, 2010, to December  
6 21, 2012, the applicant or the transferor and  
7 transferee may present to the issuing agency a signed  
8 temporary certificate from the director of taxation  
9 showing that the applicant or the transferor and  
10 transferee has a temporary permit to file returns  
11 under a payment plan entered into with the director of  
12 taxation for the payment of taxes, penalties, or  
13 interest owing to the State; provided that the license  
14 shall be revoked pursuant to section 281-91 upon  
15 receipt of written notice from the director of  
16 taxation that the director of taxation has revoked the  
17 temporary permit to file returns under the payment  
18 plan; or

19 (4) To any applicant who has had any liquor license  
20 revoked less than two years previous to the date of  
21 the application for any like or other license under  
22 this chapter."



1 SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on July 1, 2112.



**Report Title:**

Liquor Licenses; Temporary Tax Clearance

**Description:**

Creates a 3-year program that allows liquor establishments to obtain a liquor license from a Liquor Commission if they have obtained temporary tax clearance from the Department of Taxation by entering into a payment plan with the department for the payment of taxes. (HB651 HD1)

