
A BILL FOR AN ACT

RELATING TO INTOXICATING LIQUOR.

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

1 SECTION 1. Chapter 431, article 10, part II, Hawaii
2 Revised Statutes, is amended by adding a new section to be
3 appropriately designated and to read as follows:
4 "§431:10- General casualty insurers; coverage for class
5 5 liquor dispensers; duty to inform. Any insurer authorized to
6 transact general casualty insurance who terminates or refuses to
7 renew a policy of liquor liability insurance for any liquor
8 licensee, except manufacturers and wholesalers, shall notify the
9 liquor commission of the county within thirty days prior to the
10 expiration of the insurance on the holder of the policy, in
11 which the holder of or applicant for a class 5 dispenser's
12 license conducts or proposes to conduct business as a class 5
13 dispenser."

14 SECTION 2. Section 281-31, Hawaii Revised Statutes, is
15 amended by amending subsection (f) to read as follows:

16 "(f) Class 5. Dispenser license.

- 1 (1) A license under this class shall authorize the
2 licensee to sell liquor specified in this subsection
3 for consumption on the premises. A licensee under
4 this class shall be issued a license according to the
5 category of establishment the licensee owns or
6 operates. The categories of establishments shall be
7 as follows:
- 8 (A) A standard bar;
- 9 (B) Premises in which a person performs or entertains
10 unclothed or in attire restricted to use by
11 entertainers pursuant to commission rules;
- 12 (C) Premises in which live entertainment or recorded
13 music is provided; provided that facilities for
14 dancing by the patrons may be permitted as
15 provided by commission rules; or
- 16 (D) Premises in which employees or entertainers are
17 compensated to sit with patrons, regardless of
18 whether the employees or entertainers are
19 consuming nonalcoholic beverages while in the
20 company of the patrons pursuant to commission
21 rules.

1 (2) If a licensee under class 5 desires to change the
2 category of establishment the licensee owns or
3 operates, the licensee shall apply for a new license
4 applicable to the category of the licensee's
5 establishment.

6 (3) Of this class, there shall be the following kinds:

7 (A) General (includes all liquor except alcohol);

8 (B) Beer and wine; and

9 (C) Beer.

10 (4) The licensee shall maintain at all times liquor
11 liability insurance coverage in an amount to be
12 determined every two years pursuant to commission
13 rules; provided that the commission shall not set the
14 amount at less than \$1,000,000. Proof of coverage
15 shall be kept on the premises and shall be made
16 available for inspection by the commission at any time
17 during the licensee's regular business hours. Failure
18 to obtain or maintain coverage at any time shall cause
19 the commission to refuse to issue or renew a license,
20 or suspend, or terminate the license, as appropriate.
21 No license shall be granted, reinstated, or renewed

1 until after the required insurance coverage is
2 obtained."

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

5 "**§281-45 No license issued, when.** No license shall be
6 issued under this chapter:

7 (1) To any minor or to any person who has been convicted
8 of a felony and not pardoned (except that the
9 commission may grant a license under this chapter to a
10 corporation that has been convicted of a felony where
11 the commission finds that the organization's officers
12 and shareholders of twenty-five per cent or more of
13 outstanding stock are fit and proper persons to have a
14 license), or to any other person not deemed by the
15 commission to be a fit and proper person to have a
16 license;

17 (2) To a corporation the officers and directors of which,
18 or any of them, would be disqualified under paragraph
19 (1) from obtaining the license individually, or a
20 stockholder of which, owning or controlling twenty-
21 five per cent or more of the outstanding capital
22 stock, or to a general partnership, limited

1 partnership, limited liability partnership, or limited
2 liability company whose partner or member holding
3 twenty-five per cent or more interest of which, or any
4 of them would be disqualified under paragraph (1) from
5 obtaining the license individually;

6 (3) Unless the applicant for a license or a renewal of a
7 license, or in the case of a transfer of a license,
8 both the transferor and the transferee, present to the
9 issuing agency a signed certificate from the director
10 of taxation and from the Internal Revenue Service
11 showing that the applicant or the transferor and
12 transferee do not owe the state or federal governments
13 any delinquent taxes, penalties, or interest; or

14 (4) To an applicant for a class 5 dispenser license,
15 unless the applicant for a license or a renewal of a
16 license, or in the case of a transfer of a license,
17 both the transferor and the transferee, present to the
18 issuing agency proof of liquor liability insurance
19 coverage in an amount set by the issuing agency which
20 shall be not less than \$1,000,000; or

21 [~~(4)~~] (5) To any applicant who has had any liquor license
22 revoked less than two years previous to the date of

1 the application for any like or other license under
2 this chapter."

3 SECTION 4. Section 281-61, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§281-61 Renewals.** (a) Other than for good cause, the
6 renewal of an existing license shall be granted upon the filing
7 of an application; provided that if:

- 8 (1) Complaints from the public;
- 9 (2) Reports from the commission's investigators; or
- 10 (3) Adjudications of the commission or the liquor control
11 adjudication board,

12 indicate that noise created by patrons departing from the
13 premises disturbs residents on the street or of the neighborhood
14 in which the premises are located, or that noise from the
15 premises or adjacent related outdoor areas such as parking lots
16 or lanais exceed standards contained in state or county noise
17 codes or intrudes into nearby residential units, the commission
18 may deny the renewal application or withhold the issuance of a
19 renewed license until corrective measures meeting the
20 commission's approval are taken.

21 (b) The commission or board, pursuant to section 281-17,
22 at the time of renewal or at any time, may revoke, suspend, or

1 place conditions or restrictions on any license issued under
2 this chapter for the purpose of preventing activities within the
3 licensed premises or adjacent areas that are potentially
4 injurious to the health, safety, and welfare of the public and
5 neighborhood including but not limited to criminal activity,
6 including assault, drug dealing, drug use, or prostitution, upon
7 proper notice to the licensee, and a hearing before the
8 commission pursuant to chapter 91.

9 (c) The commission or board, shall deny renewal of a class
10 5 dispenser license if the licensee fails to obtain or maintain
11 at all times liquor liability insurance coverage as required by
12 section 281-31(f). The amount of insurance coverage required
13 shall be determined by commission rules; provided that the
14 commission shall not set the amount at less than \$1,000,000.
15 The commission shall review and may amend the amount of coverage
16 required at least every two years."

17 SECTION 5. This Act does not affect rights and duties that
18 matured, penalties that were incurred, and proceedings that were
19 begun, before its effective date.

20 SECTION 6. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

22 SECTION 7. This Act shall take effect upon its approval.

Report Title:

Intoxicating Liquor; Liquor Licenses

Description:

Requires liquor licenses to carry liability insurance as a condition of acquiring and renewing a license. Requires liquor liability insurers to notify the county liquor commissions upon a termination, rejection, or nonrenewal of a licensee's coverage. (SD1)