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**HOUSE COMMITTEES ON CONSUMER PROTECTION & COMMERCE AND
JUDICIARY
TESTIMONY REGARDING HB 311
RELATING TO LIQUOR**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: FEBRUARY 2, 2009
TIME: 2:00PM
ROOM: 325

This measure, among other things, allows liquor licensees who have an agreement to repay delinquent taxes on a payment plan and who are not in default, to renew their liquor license, overriding AG Op. 95-1. This legislation is similar to HB 656 heard by the Economic Revitalization, Business, and Military Affairs Committee.

The Department of Taxation **takes no position** on this legislation and **offers comments**.

PURPOSE OF TAX CLEARANCE IS TO ENSURE REVENUE STREAM—The Department understands that the current economy has slowed, which ultimately impacts taxpayers' ability to pay taxes. However, the Department cautions this Committee that this legislation defeats the purpose of the tax clearance predicate, which is to ensure all liquor sellers are current with their taxes to enjoy the benefit of the privilege to sell liquor. However, simultaneously, this bill is logical in that it allows for a tax clearance to be issued in order for businesses to stay open, sell more liquor, generate more money, which will be used to ultimately pay their taxes owed.

ENSURE REQUIREMENT OF BEING CURRENT—The Department suggests the measure be clarified that, in order to obtain the clearance, the payment plan must be current and not in default.

NO REVENUE IMPACT—There is no projected revenue impact from this measure.

LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR



January 30, 2009

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Committee on Consumer Protection & Commerce

Rep. Jon Riki Karamatsu, Chair
Rep. Ken Ito, Vice Chair
Committee on Judiciary

Hearing: Monday, February 2, 2009
2:00 pm; Room 325

Position: Support HB311 Relating to Liquor

The Departments of Liquor Control of the Counties of Hawaii, Kauai, and Maui and the City and County of Honolulu Liquor Commission strongly support HB311 and urge its passage.

HB311 continues the progress begun with Act 168 of the 2008 Regular Session (HB2253 HD2 SD1 CD1) to clarify and expand provisions of law to improve certain practices and procedures relating to liquor licensing, industry practices, and the adjudication process. Among other things, the proposed bill will accomplish the following objectives:

- Enable the liquor control departments to extend relief to licensees who cannot obtain a tax clearance prior to license renewal or transfer.
- Expand the use of fine moneys to include public liquor-related educational or enforcement programs, subject to a quantified annual limit.
- Clarify procedures relating to liquor license transfers, to more accurately reflect modern business enterprise organization.
- Extend the time within which a liquor commission may grant or refuse a liquor license application following public hearing.

The proposed bill is the result of a comprehensive review of Chapter 281 conducted by the four county liquor control departments, including its commissions and adjudication boards and industry representatives. This process was begun at the 2007 Annual Liquor

Conference, and continued at the 2008 Conference and through meetings with various industry groups. We submit that the proposed bill will improve liquor regulation with negligible negative impact to licensees.

We strongly support HB311 and respectfully request your favorable action on this important matter.

Janice Pakele, Director
County of Hawaii

Eric Honma, Director
County of Kauai

Franklyn Silva, Director
County of Maui

Anna Chiu

for Dewey H. Kim, Jr., Administrator
City and County of Honolulu Liquor Commission