



GOV. MSG. NO. 690

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 7, 2010

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 2545 SD2 HD2 CD1

On July 6, 2010, Senate Bill No. 2545, entitled "A Bill for an Act Relating to Intoxicating Liquor" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

This bill has several purposes. First, it creates a new class of liquor license to regulate certain "bring-your-own-beverage" establishments. Second, it changes the conditions of Class 14 brewpub licenses on brewpubs. Third, this bill attempts to create an exemption to the liquor liability insurance requirements for certain retail dealers.

The provisions of this bill regarding bring-your-own-beverage (BYOB) establishments, balances the right of the public to peace and safety with the right of the business community to operate without unduly burdensome regulation. The brewpub amendments contained in this bill are also satisfactory.

Unfortunately, I find the last portion of this bill more emblematic of the legislation that typically reaches my desk. During the 2009 session, the Legislature passed Act 177, which imposed a blanket requirement for \$1,000,000 in liquor liability insurance for hundreds of local businesses. In my Statement of Concerns, I noted that the bill would likely put some small establishments out of business.

The measure now before me, Senate Bill No. 2545, incorporates an attempt to mitigate the adverse impacts of last year's Act by creating an exemption for certain businesses. Unfortunately, the language is poorly drafted. Exempting "convenience minimarts" without a clear definition of what a "convenience minimart" is creates confusion and is unlikely to help the small businesses that need it the most. This bill

The Honorable Colleen Hanabusa, President
and Members of the Senate
Page 2

makes a feeble attempt at defining a "convenience minimart" as a "mom and pop store," but also fails to define what qualifies as a "mom and pop store." Does this automatically exclude unmarried owners of small convenience stores or persons who are related but not married? This ambiguity is unfortunate because it involves the livelihood of island families.

However, because of the multi-faceted nature of this bill, a veto of this measure would stifle the beneficial provisions. The flawed language in this bill regarding liquor liability insurance will have to be corrected in a future legislative session. The public would be better served if the Legislature considered the impacts of burdensome regulation before enacting laws, not afterwards. This would avoid multi-year attempts at fixing legislation after the fact, as we see here with this bill.

For the foregoing reasons, I allowed Senate Bill No. 2545 to become law as Act 198, effective July 6, 2010, without my signature.

Sincerely,



LINDA LINGLE

A BILL FOR AN ACT

RELATING TO INTOXICATING LIQUOR.

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

1 SECTION 1. Section 281-4, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:
3 "(a) It shall be unlawful for any person who keeps or
4 maintains any restaurant or other premises where food,
5 beverages, or entertainment are provided[7] or brought in by
6 patrons or guests, whether for compensation or not, or to which
7 members of the public[7] or members of an organization[7] resort
8 for food, refreshment, or entertainment[7] and who is not a
9 licensee of the commission under this chapter, to promote,
10 encourage, aid, or permit the consumption of liquor on the
11 premises, except during the hours between ~~[which licensed~~
12 ~~premises of dispensers are permitted to be open for the~~
13 ~~transaction of business in the county where the premises are~~
14 ~~located.]~~ 6:00 a.m. and 12:00 a.m. Any premises that desires to
15 operate after 12:00 a.m. until 2:00 a.m. shall obtain a class 17
16 liquor license under section 281-31(q), and shall be subject to
17 the requirements of this chapter and the rules adopted by the



1 liquor commission of the county in which the premises are
2 located during all hours of operation, except as otherwise
3 provided by law."

4 SECTION 2. Section 281-31, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§281-31 Licenses, classes. (a) Licenses may be granted
7 by the liquor commission as provided in this section.

8 (b) Class 1. Manufacturer license. A license for the
9 manufacture of liquor shall authorize the licensee to
10 manufacture the liquor therein specified and to sell it at
11 wholesale in original packages to any person who holds a license
12 to resell it and to sell draught beer or wine manufactured from
13 grapes or other fruits grown in the State in any quantity to any
14 person for private use and consumption. Under this license, no
15 liquor shall be consumed on the premises except as authorized by
16 the commission. Of this class, there shall be the following
17 kinds:

- 18 (1) Beer;
19 (2) Wine;
20 (3) Alcohol; and
21 (4) Other specified liquor.



1 It shall be unlawful for any holder of a manufacturer
2 license to have any interest whatsoever in the license or
3 licensed premises of any other licensee. This subsection shall
4 not prevent the holder of a manufacturer license under this
5 chapter or under the law of another jurisdiction from
6 maintaining any interest in the license or licensed premises of
7 a wholesale dealer licensee under this chapter.

8 (c) Class 2. Restaurant license.

9 (1) A license under this class shall authorize the
10 licensee to sell liquor specified in this subsection
11 for consumption on the premises; provided that a
12 restaurant licensee, with commission approval, may
13 provide off-premises catering of food and liquor;
14 provided further that the catering activity shall be
15 directly related to the licensee's operation as a
16 restaurant. A licensee under this class shall be
17 issued a license according to the category of
18 establishment the licensee owns or operates. The
19 categories of establishment shall be as follows:
20 (A) A standard bar; or
21 (B) Premises in which live entertainment or recorded
22 music is provided. Facilities for dancing by the



1 patrons may be permitted as provided by
2 commission rules.

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

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

- 9 (A) General (includes all liquor except alcohol);
- 10 (B) Beer and wine; and
- 11 (C) Beer.

12 Notwithstanding section 281-57, the commission may approve at
13 one public hearing and without notice the change to a class 2
14 restaurant license of a licensee holding a class 5 dispenser
15 license who meets the requirements of a class 2 license.

16 (d) Class 3. Wholesale dealer license. A license for the
17 sale of liquor at wholesale shall authorize the licensee to
18 import and sell only to licensees[7] or to others who are by law
19 authorized to resell the liquor specified by the license but are
20 not by law required to hold a license[7, ~~the liquor therein~~
21 ~~specified~~]; provided that [~~samples of liquor may be sold~~] a
22 class 3 licensee may sell samples of liquor back to the



1 manufacturer. Under [~~the license,~~] a class 3 license, no liquor
2 shall be consumed on the premises except as authorized by the
3 commission. Of this class, there shall be the following kinds:

- 4 (1) General (includes all liquor except alcohol);
- 5 (2) Beer and wine; and
- 6 (3) Alcohol.

7 If any wholesale dealer solicits or takes any orders in any
8 county other than that where the dealer's place of business is
9 located, the orders may be filled only by shipment direct from
10 the county in which the wholesale dealer holds the dealer
11 license. Nothing in this subsection shall prevent a wholesaler
12 from selling liquor to post exchanges, ships' service stores,
13 army or navy officers' clubs, or similar organizations located
14 on army or navy reservations, or to any vessel other than
15 vessels performing a regular water transportation service
16 between any two or more ports in the State, or to aviation
17 companies who operate an aerial transportation enterprise [~~as a~~
18 ~~common carrier, under~~] subject to chapter 269[7] and engaged in
19 regular flight passenger services between any two or more
20 airports in the State for use on aircraft, or aviation companies
21 engaged in transpacific flight operations for use on aircraft
22 outside the jurisdiction of the State.



1 (e) Class 4. Retail dealer license. A license to sell
2 liquor at retail or to class 10 [~~licenses~~] licensees shall
3 authorize the licensee to sell the liquor therein specified in
4 their original packages. Under [~~the license,~~] a class 4
5 license, no liquor shall be consumed on the premises except as
6 authorized by the commission. Of this class, there shall be the
7 following kinds:

8 (1) General (includes all liquor except alcohol);

9 (2) Beer and wine; and

10 (3) Alcohol.

11 (f) Class 5. Dispenser license.

12 (1) A license under this class shall authorize the
13 licensee to sell liquor specified in this subsection
14 for consumption on the premises. A licensee under
15 this class shall be issued a license according to the
16 category of establishment the licensee owns or
17 operates. The categories of establishments shall be
18 as follows:

19 (A) A standard bar;

20 (B) Premises in which a person performs or entertains
21 unclothed or in attire restricted to use by
22 entertainers pursuant to commission rules;



1 (C) Premises in which live entertainment or recorded
2 music is provided; provided that facilities for
3 dancing by the patrons may be permitted as
4 provided by commission rules; or

5 (D) Premises in which employees or entertainers are
6 compensated to sit with patrons, regardless of
7 whether the employees or entertainers are
8 consuming nonalcoholic beverages while in the
9 company of the patrons pursuant to commission
10 rules.

11 (2) If a licensee under class 5 desires to change the
12 category of establishment the licensee owns or
13 operates, the licensee shall apply for a new license
14 applicable to the category of the licensee's
15 establishment.

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

- 17 (A) General (includes all liquor except alcohol);
18 (B) Beer and wine; and
19 (C) Beer.

20 (g) Class 6. Club license. A club license shall be
21 general only [-(]but [~~excluding~~] shall exclude alcohol[-)] and
22 shall authorize the licensee to sell liquor to members of the



1 club and to guests of the club enjoying the privileges of
2 membership [7] for consumption only on the premises kept and
3 operated by the club; provided that the license shall also
4 authorize any club member to keep in the member's private locker
5 on the premises a reasonable quantity of liquor [~~7-if~~] owned by
6 the member [7] for the member's own personal use and not to be
7 sold [and] that may be consumed only on the premises. A club
8 licensee shall be authorized to host charitable functions that
9 are open to the general public only pursuant to commission
10 rules.

11 The categories of establishment shall be as follows:

12 (1) A standard bar; or

13 (2) Premises in which live entertainment or recorded music
14 is provided. Facilities for dancing by the patrons
15 may be permitted as provided by commission rules.

16 (h) Class 8. Transient vessel license. A general license
17 may be granted to the owner of any vessel for the sale of liquor
18 [4]other than alcohol [4] on board the vessel while en route
19 within the jurisdictional limits of the State and within any
20 port of the State. Sales shall be made only for consumption by
21 passengers and their guests on board the vessel. The license
22 shall be issuable in each county where the sales are to be made;



1 provided that the application for the license may be made by any
2 agent representing the owner.

3 (i) Class 9. Tour or cruise vessel license. A general
4 license may be granted to the owner of any tour or cruise vessel
5 for the sale of liquor [(-)other than alcohol(-)] on board the
6 vessel while in the waters of the State; provided that sales be
7 made only for consumption by passengers on board while the
8 vessel is in operation outside the port or dock of any island of
9 the State, unless otherwise approved by the county where the
10 license has been issued. The license shall be issuable in the
11 county [~~wherein~~] where the home port of the vessel is situated.
12 If, on any vessel for which no license has been obtained under
13 this chapter, any liquor is sold or served within three miles of
14 the shore of any island of the State, it shall constitute a
15 violation of this chapter.

16 The categories of establishment shall be as follows:

17 (1) A standard bar; or
18 (2) Premises in which live entertainment or recorded music
19 is provided. Facilities for dancing by the patrons
20 may be permitted as provided by commission rules.

21 (j) Class 10. Special license. A special license may be
22 granted for the sale of liquor for a period not to exceed three



1 days and pursuant to commission rule may be approved by the
2 administrator for fundraising events by nonprofit organizations,
3 political candidates, and political parties; provided that any
4 registered educational or charitable nonprofit organization may
5 sell liquors in their original packages for off-premises
6 consumption. Of this class, there shall be the following kinds:

- 7 (1) General (includes all liquor except alcohol);
- 8 (2) Beer and wine; and
- 9 (3) Beer.

10 ~~[Under this license, the liquor therein specified]~~ Liquor sold
11 under a class 10 license shall be consumed on the premises.

12 (k) Class 11. Cabaret license. A cabaret license shall
13 be general only ~~[+]but [excluding]~~ shall exclude alcohol~~[+]~~ and
14 shall authorize the sale of liquor for consumption on the
15 premises. This license shall be issued only for premises where
16 food is served, facilities for dancing by the patrons including
17 a dance floor are provided, ~~[including a dance floor]~~ and live
18 or amplified recorded music or professional entertainment~~[7]~~
19 except professional entertainment by a person who performs or
20 entertains unclothed~~[7]~~ is provided for the patrons; provided
21 that professional entertainment by persons who perform or
22 entertain unclothed shall be authorized by:



1 (1) A cabaret license for premises where professional
2 entertainment by persons who perform or entertain
3 unclothed was presented on a regular and consistent
4 basis immediately prior to June 15, 1990; or

5 (2) A cabaret license that, pursuant to rules adopted by
6 the liquor commission, permits professional
7 entertainment by persons who perform or entertain
8 unclothed.

9 A cabaret license under paragraph (1) or (2) authorizing
10 professional entertainment by persons who perform or entertain
11 unclothed shall be transferable through June 30, 2000. A
12 cabaret license under paragraph (1) or (2) authorizing
13 professional entertainment by persons who perform or entertain
14 unclothed shall not be transferable after June 30, 2000, except
15 [~~when the transferee obtains~~] upon approval [~~from~~] by the liquor
16 commission[~~7~~] and pursuant to rules adopted by the commission.
17 Notwithstanding any rule of the liquor commission to the
18 contrary, cabarets in resort areas may be opened for the
19 transaction of business until 4 a.m. throughout the entire week.

20 (1) Class 12. Hotel license. A license to sell liquor in
21 a hotel shall authorize the licensee to provide entertainment
22 and dancing on the hotel premises and to sell all liquor[~~7~~]



1 except alcohol[7] for consumption on the premises; provided that
2 a hotel licensee, with commission approval, may provide
3 off-premises catering of food and liquor[7] if the catering
4 activity is directly related to the licensee's food service.

5 Procedures such as room service, self-service
6 [4]no-host[7] minibars or similar service in guest rooms, and
7 service at parties in areas that are the property of and
8 contiguous to the hotel[7] are permitted with commission
9 approval.

10 Any licensee who would otherwise fall within the hotel
11 license class but holds a different class of license may be
12 required to apply for a hotel license.

13 If the licensee applies for a change of classification
14 prior to July 30, 1992, the licensee shall not be subject to the
15 requirements of sections 281-52, 281-54, and 281-57 through
16 281-59.

17 Any licensee holding a class 12 license on May 1, 2007[7
18 and] who would otherwise [~~come within this class of~~] qualify for
19 a class 15 license may apply to the liquor commission of the
20 county in which the licensee is seeking a change in liquor
21 license for a change to a class 15 license; provided that the



1 licensee shall not be subject to the requirements of section
2 281-54 and sections 281-57 to 281-60.

3 If a licensee holding a class 12 license on May 1, 2007[~~7~~]
4 applies for a change to a class 15 license, the respective
5 liquor commission shall hold a public hearing upon notice[~~7~~and
6 upon]. On the day of hearing[~~7~~] or any adjournment thereof, the
7 liquor commission shall consider the application, accept all
8 written or oral testimony for or against the application, and
9 render its decision granting or refusing the application. If
10 the application is denied, the class 12 license shall continue
11 in effect in accordance with law.

12 (m) Class 13. Caterer license. A general license may be
13 granted to any applicant who serves food as part of their
14 operation for the sale of liquor [~~+~~other than alcohol~~+~~] while
15 performing food catering functions off the premises.

16 No catering service for the sale of liquor shall be
17 performed off the licensee's premises[~~7~~] unless prior written
18 notice of the service has been delivered to the office of the
19 liquor commission of the county concerned. The notice shall
20 state the date, time, and location of the proposed event and
21 shall include a written statement signed by the owner or



1 representative of the property that the function will be subject
2 to the liquor laws and to inspection by investigators.

3 (n) Class 14. Brewpub license. A brewpub licensee:

4 (1) Shall manufacture not more than [~~ten~~] thirty thousand
5 barrels of malt beverages on the licensee's premises
6 during the license year;

7 (2) May sell malt beverages manufactured on the licensee's
8 premises for consumption on the premises;

9 (3) May sell malt beverages manufactured by the licensee
10 in brewery-sealed packages to class 3 wholesale dealer
11 licensees pursuant to conditions imposed by the county
12 by ordinance or rule;

13 (4) May sell intoxicating liquor[₇] purchased from a class
14 1 manufacturer licensee[₇] or a class 3 wholesale
15 dealer licensee[₇] to consumers for consumption on the
16 licensee's premises. The categories of establishments
17 shall be as follows:

18 (A) A standard bar; or

19 (B) Premises in which live entertainment or recorded
20 music is provided. Facilities for dancing by the
21 patrons may be permitted as provided by
22 commission rules;



- 1 (5) May sell malt beverages manufactured on the licensee's
2 premises to consumers in brewery-sealed kegs and
3 growlers for off-premises consumption; provided that
4 for purposes of this paragraph, "growler" means a
5 glass container, not to exceed one half-gallon, which
6 shall be securely sealed;
- 7 (6) May sell malt beverages manufactured on the licensee's
8 premises [~~to consumers,~~] in recyclable containers
9 [~~that may be~~] provided by the licensee or by the
10 consumer[~~, not to~~] which do not exceed one gallon per
11 container[~~, which~~] and are securely sealed on the
12 licensee's premises[~~,~~] to consumers for off-premises
13 consumption;
- 14 (7) Shall comply with all regulations pertaining to class
15 4 retail dealer licensees when engaging in the retail
16 sale of malt beverages; [~~and~~]
- 17 (8) May sell malt beverages manufactured on the licensee's
18 premises in brewery-sealed containers directly to
19 class 2 restaurant licensees, class 3 wholesale dealer
20 licensees, class 4 retail dealer licensees, class 5
21 dispenser licensees, class 6 club licensees, class 8
22 transient vessel licensees, class 9 tour or cruise



1 vessel licensees, class 10 special licensees, class 11
2 cabaret licensees, class 12 hotel licensees, class 13
3 caterer licensees, [~~and~~] class 14 brewpub licensees,
4 class 15 condominium hotel licensees, and consumers
5 pursuant to conditions imposed by county regulations
6 governing class 1 manufacturer licensees and class 3
7 wholesale dealer licensees[~~+~~]; and

8 (9) May conduct the activities under paragraphs (1) to (8)
9 at one location other than the licensee's premises;
10 provided that:

11 (A) The manufacturing takes place in Hawaii; and

12 (B) The other location is properly licensed under the
13 same ownership.

14 (o) Class 15. Condominium hotel license. A license to
15 sell liquor in a condominium hotel shall authorize the licensee
16 to provide entertainment and dancing on the condominium hotel
17 premises and to sell all liquor[~~+~~] except alcohol[~~+~~] for
18 consumption on the premises; provided that a condominium hotel
19 licensee, with commission approval, may provide off-premises
20 catering; provided further that the catering activity is
21 directly related to the licensee's operation as a condominium
22 hotel.



1 Procedures such as room service, self-service
2 [+]no-host[+] minibars or similar service in apartments, and
3 service at private parties in areas that are the property of and
4 contiguous to the condominium hotel[+] are permitted with
5 commission approval.

6 A condominium hotel licensee shall not sell liquor in the
7 manner authorized by a class 4 retail [+]dealer[+] license.

8 Any licensee who would otherwise [~~fall within~~] meet the
9 criteria for the condominium hotel license class but holds a
10 different class of license may be required to apply for a
11 condominium hotel license.

12 (p) Class 16. Winery license. A winery licensee:

13 (1) Shall manufacture not more than ten thousand barrels
14 of wine on the licensee's premises during the license
15 year;

16 (2) May sell wine manufactured on the licensee's premises
17 for consumption on the premises;

18 (3) May sell wine manufactured by the licensee in winery-
19 sealed packages to class 3 wholesale dealer licensees
20 pursuant to conditions imposed by the county by
21 ordinance or rule;



1 (4) May sell wine manufactured on the licensee's premises
2 [~~to consumers~~] in winery-sealed kegs and magnums to
3 consumers for off-premises consumption; provided that
4 for purposes of this paragraph, "magnum" means a glass
5 container~~[,]~~ not to exceed one half-gallon, which may
6 be securely sealed;

7 (5) May sell wine manufactured on the licensee's premises
8 [~~to consumers,~~] in recyclable containers [~~that may be~~]
9 provided by the licensee or by the consumer~~[, not to]~~
10 which do not exceed one gallon per container~~[, which]~~
11 and are securely sealed on the licensee's premises~~[,]~~
12 to consumers for off-premises consumption;

13 (6) Shall comply with all rules pertaining to class 4
14 retail dealer licensees when engaging in the retail
15 sale of wine; and

16 (7) May sell wine manufactured on the licensee's premises
17 in winery-sealed containers directly to class 2
18 restaurant licensees, class 3 wholesale dealer
19 licensees, class 4 retail dealer licensees, class 5
20 dispenser licensees, class 6 club licensees, class 8
21 transient vessel licensees, class 9 tour or cruise
22 vessel licensees, class 10 special licensees, class 11



1 cabaret licensees, class 12 hotel licensees, class 13
2 caterer licensees, class 14 brewpub licensees, and
3 class 15 condominium hotel licensees [7] pursuant to
4 conditions imposed by county planning and public works
5 departments and rules governing class 3 wholesale
6 dealer licensees.

7 (q) Class 17. Bring-your-own-beverage license. In
8 counties having a population in excess of 500,000, there is
9 established a class 17 license; provided that in a county having
10 a population of 500,000 or less, the respective commission may
11 establish a class 17 license to which this subsection shall
12 apply.

13 (1) A general license of this class shall authorize the
14 licensee to permit patrons to bring their own liquors
15 for consumption on the premises between the hours of
16 6:00 a.m. to 2:00 a.m. the following day. A licensee
17 under this class shall be issued a license according
18 to the category of establishment the licensee owns or
19 operates. The categories of establishments shall be
20 as follows:



1 (A) Premises in which recorded music and live
2 entertainment, including karaoke, are provided;
3 or

4 (B) Premises in which recorded music and live
5 entertainment, including karaoke and dancing, are
6 provided.

7 (2) If a licensee under this class desires to change the
8 category of establishment the licensee owns or
9 operates, the licensee shall apply for a new license
10 applicable to the category of the licensee's
11 establishment.

12 (3) A licensee under this class shall not be subject to
13 liquor commission rules relating to percentage fees.

14 ~~[(q)]~~ (r) Restaurants, retailers, dispensers, clubs,
15 cabarets, hotels, caterers, brewpubs, [and] condominium hotels,
16 and bring-your-own-beverage establishments licensed under class
17 2, class 4, class 5, class 6, class 11, class 12, class 13,
18 class 14, [and] class 15, and class 17 shall maintain at all
19 times liquor liability insurance
20 coverage in an amount [of] not less than \$1,000,000[-]; provided
21 that convenience minimarts holding a class 4 license shall not
22 be required to maintain liquor liability insurance coverage in



1 that amount. Proof of coverage shall be kept on the premises
2 and shall be made available for inspection by the commission at
3 any time during the licensee's regular business hours. In the
4 event of a licensee's failure to obtain or maintain the required
5 coverage, the commission shall refuse to issue or renew a
6 license[7] or shall suspend or terminate the license as
7 appropriate. No license shall be granted, reinstated, or
8 renewed until after the required insurance coverage is obtained.

9 For purposes of this subsection:

10 "Convenience minimarts" commonly refer to a neighborhood
11 "mom and pop store".

12 [~~(s)~~] (s) It shall be unlawful for any retail licensee[7]
13 except a class 10 licensee[7] to purchase[7] or acquire[7]~~or~~
14 ~~sell~~] liquor from any person other than a wholesaler licensed
15 pursuant to this chapter, except as otherwise provided in this
16 section.

17 [~~(s)~~] (t) Any provision to the contrary notwithstanding,
18 [~~at the discretion of the county liquor commission, permission~~
19 ~~may be granted to a bona fide hotel, restaurant, or club~~
20 ~~licensed under class 2, class 6, class 11, class 12, class 14,~~
21 ~~class 15, or class 16 to allow~~] a patron [~~to~~] may remove from
22 [~~the~~] any class of licensed premises any portion of wine,



1 liquor, or beer that was purchased on or brought onto the
2 premises of the licensee engaged in meal service for consumption
3 with a meal; provided that it is recorked or resealed in its
4 original container. [~~This subsection applies only to a valid~~
5 ~~holder of a class 2, class 6, class 11, class 12, class 14,~~
6 ~~class 15, or class 16 license engaged in meal service.] "~~

7 [~~(t)~~] (u) Sections 281-57 to 281-60 shall not apply to
8 classes 8 [~~through~~], 9, 10, and 13."

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

11 "**§281-45 No license issued, when.** No license shall be
12 issued under this chapter:

13 (1) To any minor or to any person who has been convicted
14 of a felony and not pardoned [~~except~~], or to any
15 other person not deemed by the commission to be a fit
16 and proper person to have a license; provided that the
17 commission may grant a license under this chapter to a
18 corporation that has been convicted of a felony where
19 the commission finds that the [~~organization's~~]
20 corporation's officers and shareholders of twenty-five
21 per cent or more of outstanding stock are fit and
22 proper persons to have a license[~~), or to any other~~



1 ~~person not deemed by the commission to be a fit and~~
2 ~~proper person to have a license];~~

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

14 (3) Unless the applicant for a license or a renewal of a
15 license, or in the case of a transfer of a license,
16 both the transferor and the transferee, present to the
17 issuing agency a signed certificate from the director
18 of taxation and from the Internal Revenue Service
19 showing that the applicant or the transferor and
20 transferee do not owe the state or federal governments
21 any delinquent taxes, penalties, or interest; or that
22 the applicant, or in the case of a transfer of a



1 license, the transferor or transferee, has entered
2 into an installment plan agreement with the department
3 of taxation and the Internal Revenue Service for the
4 payment of delinquent taxes in installments and that
5 the applicant is or the transferor or transferee is,
6 in the case of a transfer of a license, complying with
7 the installment plan agreement; or

8 (4) To an applicant for a class 2, class 4~~[7]~~ except for
9 convenience minimarts, class 5, class 6, class 11,
10 class 12, class 13, class 14, [~~or~~] class 15, or class
11 17 license unless the applicant for issuance of a
12 license or renewal of a license, or in the case of a
13 transfer of a license, both the transferor and the
14 transferee, present to the issuing agency proof of
15 liquor liability insurance coverage in an amount of
16 \$1,000,000; or

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

21 SECTION 4. Section 281-61, Hawaii Revised Statutes, is
22 amended by amending subsection (c) to read as follows:



1 "(c) The commission or board shall deny renewal of a class
2 2, class 4, class 5, class 6, class 11, class 12, class 13,
3 class 14, [~~e~~] class 15, or class 17 license if the applicant
4 for renewal fails to present proof of the liquor liability
5 insurance required by section [~~281-31(q)-~~] 281-31(r)."

6 SECTION 5. This Act does not affect rights and duties that
7 matured, penalties that were incurred, and proceedings that were
8 begun before its effective date.

9 SECTION 6. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 7. This Act shall take effect on July 1, 2010.

12

APPROVED this day of , 2010

GOVERNOR OF THE STATE OF HAWAII