

LATE



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TO:
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Rep. Angus L.K. McKelvey, Chair
Rep. Derek S.K. Kawakami, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Monday, February 10, 2014
TIME: 2:45 PM
PLACE: Conference Room 325

RE: HB 2480 PROPOSED HD1

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

HFIA strongly disagrees with the changes laid out in this section of the proposed house draft:

"(b) Any such liquor license fees or any moneys collected or received by any liquor commission under this chapter shall be deposited into the general fund of the respective county and may ~~[only]~~ be used for costs and expenses directly relating to operational and administrative costs actually incurred by the liquor commission collecting or receiving such liquor license fees or moneys. ~~[Such fees or moneys shall not be used for any costs or expenses other than those directly relating to its operation and administration, except as otherwise provided by law.]"~~

There is no nexus between liquor license fees and the general fund. Liquor license fees exist to pay for the licensing process and enforcement; these fees were not created to fund other programs. Using

licensing fees to fund programs for which they were not intended creates a situation where fees are likely to rise unpredictably, this impedes retailers' ability to budget and creates unnecessary financial and administrative burdens.

Sections 37-52.3 and 37-53.4 of the Hawaii Revised Statutes states that fees must, "reflect a clear nexus between the benefits sought and the charges made upon the users or beneficiaries of the program, provide an appropriate means of financing for the program or activity; and demonstrate the capacity to be financially self-sustaining."

Thank you for the opportunity to testify.

LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU

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LATE

KIRK CALDWELL
MAYOR



February 10, 2014

Representative Angus L. K. McKelvey, Chair
Representative Derek S. K. Kawakami, Vice Chair
Committee on Consumer Protection & Commerce

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COMMISSIONER

ANNA C. HIRAI
ACTING ADMINISTRATOR

Hearing: Monday, February 10, 2014
2:45 p.m.; Room 325

Position: Providing Comments on HB2487 Proposed HD1, Relating to Liquor

Dear Chair McKelvey, Vice Chair Kawakami, and Members:

The Liquor Commission, City and County of Honolulu ("Commission"), provides comments on House Bill 2487 Proposed HD1, Relating to Liquor.

Due to the timing of the hearing on the Proposed HD1, we were unable to get feedback and comments from our 1,400-member licensee base prior to today's date. Because the proposed HD1 will effect a dramatic change to a fund structure that has been in place for decades, we believe such consultation would be appropriate in order to determine that our licensee base is either in favor of or opposed to the proposed measure.

We note that under current law, the Commission's proposed operating budget receives Mayoral oversight and is subject to revision and approval by the Office of the Mayor in connection with an annual budget review conducted prior to the proposed budget going before Council.

Finally, we note that the proposed HD1 would authorize the use of license fees for costs and expenses unrelated to Commission operations. As each licensee supports City operations and services through payment of taxes, a licensee could interpret the proposed HD1 as being asked to pay for those operations and services twice.

The Liquor Commission appreciates the opportunity to provide comments on House Bill 2487 Proposed HD1, Relating to Liquor.

Respectfully submitted,


ANNA C. HIRAI
Acting Administrator

ACH: