

Honolulu, Hawaii

February 11, 2016

RE: H.B. No. 2422

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2422 entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR,"

begs leave to report as follows:

The purpose of this measure is to assist businesses selling or serving liquor by streamlining the liquor license application process for publicly owned companies. Specifically, this measure:

- (1) Clarifies that only a transfer of twenty-five per cent or more of outstanding, voting capital stock would require a corporation to apply for and secure the approval of the liquor commission for a transfer of a liquor license; and
- (2) Requires a publicly-traded company, or an entity that will ultimately be solely owned by a publicly-traded company:
 - (A) Upon the replacement of an officer, to provide the Liquor Commission with officer information, only if the replaced officer is designated as a primary decision maker for the purchase and sale of liquor; and
 - (B) When applying for, renewing, or transferring a liquor license, to provide the Liquor Commission with officer information only for those officers



designated as primary decision makers for the purchase or sale of liquor.

The Department of Liquor Control of the County of Kauai, Hawaii Food Industry Association, Times Supermarkets, Aloha Petroleum, Kona Brewing and two concerned individuals testified in support of this measure. The Liquor Commission of the City and County of Honolulu provided comments.

Publicly owned companies, including those involved with the sale and service of liquor, typically have a multitude of officers and directors. Even though only a few of these individuals are involved in the purchase, sale, and service aspect of the liquor licensee's business, under current law, all officers and directors of the company must undergo criminal clearance and personal history checks. These processes can be unduly burdensome for these companies, particularly when only a few employees directly supervise the sale and purchase of liquor. Your Committee finds that streamlining the liquor license application process for these companies by requiring information on only employees directly associated with the sale and purchase of liquor would make the process more efficient for businesses without compromising regulatory oversight.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2422 and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



DEREK S.K. KAWAKAMI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature **HSCR 166-16**

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 2422	Committee Referral: EDB, CPC, Juo	Date: 5 FEB 14		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DeCOITE, Lynn	✓			
7. ITO, Ken				✓
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane	✓			
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani	✓			
14. WARD, Gene		✓		
TOTAL (14)	12	1		1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u><i>Samuel S. Kong</i></u>				
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