



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 202
HONOLULU, HAWAII 96813-3065
TELEPHONE: (808) 768-5010 • FAX: (808) 768-5011

CAROL FUKUNAGA

HONOLULU CITY COUNCIL, DISTRICT 6

PHONE: 768-5006 FAX: 768-1199

EMAIL: cafukunaga@honolulu.gov

February 25, 2015

TESTIMONY OF COUNCILMEMBER CAROL FUKUNAGA
ON SENATE BILL 1368, SD1
SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
THURSDAY, FEBRUARY 26, 2015 • CONFERENCE ROOM 229

Chair Baker and Members of the Senate Committee on Commerce and Consumer Protection, (CPN):

Thank you for the opportunity to submit testimony in support of Senate Bill 1368, SD1, *Relating to Liquor*, which seeks to strike a balance between the statewide regulation of alcohol sales and street festivals in Honolulu.

During the past two years, Senator Chun Oakland, Representative Rhoads and I have worked with Downtown-Chinatown stakeholders to address community conflicts resulting from sales and consumption of alcohol on city streets and sidewalks during individual arts and entertainment street festivals.

While several of the events have been popular and have energized the Chinatown night entertainment scene, some have also been accompanied by significant noise and other impacts upon area residents.

I support the recommendations made by the Honolulu Liquor Commission in its February 16th testimony before the Committee on Public Safety, Intergovernmental and Military Affairs, which stated: ***"requirements regarding usage of trained servers, restricting sales and consumption to 'beer gardens,' and reporting of gross liquor sales to the Commission should be applicable to Class 10 Special Licenses — and [having] said Special Licenses subject to Commission jurisdiction for any state law or Commission rule violations, or license denial at future events for irresponsible operations."***

I therefore urge your Committee to consider amending Senate Bill 1368, SD1 to include Honolulu Liquor Commission amendments that would subject licenses for street closure events to the same level of regulatory enforcement as those that are applicable to restaurants (Class 2) and bar operators (Class 5). Thank you for the opportunity to submit comments on this measure.

**LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600, HONOLULU, HAWAII 96813-5249
PHONE (808) 768-7300 • FAX (808) 768-7311
INTERNET ADDRESS: www.honolulu.gov/liq • E-MAIL: liquor@honolulu.gov



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ADMINISTRATOR

ANNA C. HIRAI
ASSISTANT ADMINISTRATOR

February 25, 2015

Senator Will Espero, Chair
Senator Rosalyn H. Baker, Vice Chair
Committee on Public Safety, Intergovernmental and Military Affairs

Hearing: Thursday, February 26, 2015
9:30 a.m.; Room 229
(Decision Making Only)

Position: Submitting for Consideration SB 1368 Proposed SD2, Relating to Liquor

Dear Chair Espero, Vice Chair Baker, and Members:

Following discussion with State and City representatives, the Liquor Commission, City and County of Honolulu (Commission), respectfully provides Proposed SD2 to Senate Bill 1368, Relating to Liquor. The Proposed SD2 changes are found on lines 9-11 of Section 1, paragraph (a)(1), which eliminates the earlier prohibition against Class 10 Special licenses from participating in liquor-licensed street closure events but would make a Class 10 licensee (or any other on-premises consumption licensee) subject to the same requirements as Class 2 Restaurants or Class 5 Dispensers. For informational purposes, we also have attached a chart showing comparative requirements for Class 2, Class 5, and Class 10 licensees for this type of event.

It is hoped that input will be submitted from both impacted business entities and individuals on the proposed measure going forward, in order to further refine the language in Senate Bill 1368. The Liquor Commission appreciates the opportunity to participate in this process.

Respectfully submitted,

A handwritten signature in black ink that reads "Anna C. Hirai".

ANNA C. HIRAI, Assistant Administrator,
On behalf of
FRANKLIN DON PACARRO, JR.
Administrator

FDP:ACH

Enc: SB 1368 Proposed SD2
SB 1368 License Class Comparison Chart

STATE OF HAWAII

A BILL FOR AN ACT

RELATING TO LIQUOR.

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

1 SECTION 1. Chapter 281, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§281- Sale of liquor; street closure events. (a) No
5 liquor shall be sold at a street closure event unless:

- 6 (1) The sale of liquor at the event is conducted by
7 vendors with the appropriate liquor licenses under
8 section 281-31; provided that liquor sales sold under
9 this section shall be subject to the same requirements
10 applicable to vendors with Class 2 Restaurant or Class
11 5 Dispenser licenses;
- 12 (2) The vendors at the event use trained servers;
- 13 (3) The liquor commission monitors the event;
- 14 (4) All sales and consumption of liquor are contained
15 within designated "beer garden" areas at the event;
16 and

1 (5) All vendors that sell liquor at the event report gross
2 liquor sales to the liquor commission of the county in
3 which the event is held.

4
5 (b) The liquor commission may adopt rules necessary
6 to carry out the intent and purpose of this
7 section.

8 (c) For the purposes of this section, "beer garden"
9 means a designated outdoor area in which liquor
10 is served, as approved by the liquor commission
11 of the county in which the event is held."

12
13 SECTION 2. New statutory material is underscored.

14
15 SECTION 3. This Act shall take effect on July 1, 2020.

16
17 INTRODUCED BY: _____

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19
20 **Report Title:**

21 Liquor Sales; Street Closure Events

22
23 **Description:**

24 Prohibits the sale of liquor at street closure events except
25 under certain conditions. Effective July 1, 2020. (SD1)

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SB 1368 License Class Comparison Chart

	Class 2 Restaurant Extension; Cater	Class 5 Dispenser Extension	Class 10 Special License application	Class 10 NP Special License application
Mechanism to Service Event?	Extension; Cater	Extension	License application	License application
Hearing?	Yes if liquor service in street (both extension & catering)	Yes if liquor service in street	Yes	Yes if liquor service in street
Fee to apply?	Annual license fee only; \$30/day if catering	Annual license fee only	\$60/day for general \$40/day for beer/wine \$30/day for beer only	None
Investigative report?	Yes	Yes	Yes	None
Trained servers?	Only managers & bartenders tested; servers not required to be registered (not the same as being tested)	Only managers & bartenders tested; servers must be registered (not the same as being tested)	Not required	Not required
LIQ monitoring?	Yes	Yes	Yes	Yes
Beer garden required?	Voluntary or if ordered by Commission	Voluntary or if ordered by Commission	Voluntary or if ordered by Commission	Voluntary or if ordered by Commission
Gross liquor sales reporting?	Yes	Yes	If ordered by Commission	If ordered by Commission
Ability to impose conditions/restrictions?	Yes	Yes	Yes	Yes
Penalty for violations?	Yes	Yes	Yes	Yes
Discretion to deny event?	Yes	Yes	Yes	Yes