

STAND. COM. REP. NO.

1117

Honolulu, Hawaii

MAR 24 2017

RE: H.B. No. 1465
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Public Safety, Intergovernmental, and Military Affairs and Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1465, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR,"

beg leave to report as follows:

The purpose and intent of this measure is to update statutory language on liquor license application and operating procedures to improve consistency and efficiency in liquor licensing and to reflect modern business practices and organizational structures.

Your Committees received testimony in support of this measure from the Department of Liquor Control, County of Kauai; Liquor Commission, City and County of Honolulu; Maui Chamber of Commerce; Maui Hotel & Lodging Association; and three individuals.

Your Committees find that the efficient and equitable treatment of business, particularly in any licensing process, is essential for cultivating a robust economy that benefits the public welfare. Existing statutes relating to liquor licensing are outdated and do not reflect the current business practices in the State. Further, these outdated licensing laws serve as impediments to business and prevent potential economic growth. Accordingly, this measure updates existing liquor licensing statutes to:



- (1) Include member-managed and manager-managed limited liability companies;
- (2) Allow liquor license holders to notify the liquor commission within a set period of time after a change in membership or ownership of the license holding entity instead of before the change;
- (3) Clarify conditions under which publicly-traded companies or entities solely owned by a publicly-traded entity may be disqualified for licensure;
- (4) Allow a liquor licensee, with approval from the commission, to have the commission hold a valid liquor license for safekeeping while the licensee is not operating, as an alternative to cancellation of the license; and
- (5) Prohibit the coercion, pressure, or undue influence of a primary decision-maker by a non-primary decision-maker in any decision regarding the purchase or sale of liquor and allows the commission to suspend or cancel the liquor license if such coercion, pressure, or undue influence has occurred.

Your Committees understand the concern raised by the Liquor Commission for the City and County of Honolulu that this measure as written could be interpreted to prevent a non-primary decision-maker from providing proper and appropriate input to a primary decision-maker regarding the purchase and sale of liquor.

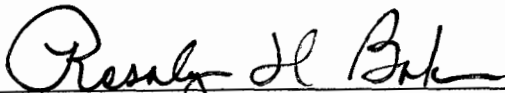
Therefore, your Committees have amended this measure by clarifying that a non-primary decision-maker is prohibited from coercing, pressuring, or unduly influencing a primary decision-maker to engage in any unlawful activity relating to the purchase and sale of liquor.

As affirmed by the records of votes of the members of your Committees on Public Safety, Intergovernmental, and Military Affairs and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1465, H.D. 2, as amended herein,

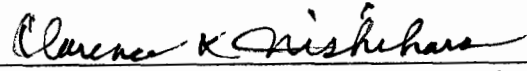


and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1465, H.D. 2, S.D. 1, and be referred to your Committee on Judiciary and Labor.

Respectfully submitted on behalf of the members of the Committees on Public Safety, Intergovernmental, and Military Affairs and Commerce, Consumer Protection, and Health,



ROSALYN H. BAKER, Chair



CLARENCE K. NISHIHARA, Chair



