



Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB1465 HD2 SD1

Relating To Liquor

COMMITTEE ON JUDICIARY AND LABOR

Tuesday, April 4, 2017, 9:45 am

Conference Room 016

Dear Chair Keith-Agaran; Vice Chair Rhoads and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA supports with request to add additional language HB1465 HD2 SD1, which amends statutory language on liquor license application and operating procedures for clarity. amends statutory language on liquor license application and operating procedures for clarity.

The Bill proposes amendments to several sections of HRS Chapter 281 that clarifies the requirements in the liquor license application process and makes the process more efficient for both applicants and commission and doesn't diminish the oversight in the process.

This bill would streamline the liquor license application process for publicly owned companies which typically have a multitude of officers and directors, by title, even though only a select few are involved in the purchase, sale and service aspect of the liquor licensee's business. Requiring all officers to undergo the criminal clearance and personal history process is redundant and unnecessary for these companies and their solely owned entities, especially when just a select few directly supervise the liquor sale and purchase.

Additionally, MHLA would like to see language added to this Bill that was included in SB 278 in reference to Section 281-45:

"provided that when the applicant or the transferor or transferee, in the case of a transfer of a license, is actively challenging a tax assessment, penalty, or other proceeding that prevents the issuance of a signed certificate from the appropriate federal or state tax agency,

****Request for additional language to be added to Bill**

the commission may issue a temporary license in accordance with section **281-32;**”

Currently, if a business is challenging a tax assessment they are not able to renew their liquor license.

Thank you for the opportunity to testify.

MCCORRISTON MILLER MUKAI MACKINNON LLP

ATTORNEYS AT LAW

April 3, 2017

Senator Gilbert S. C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair
Senate Committee on Judiciary and Labor
415 South King Street
Honolulu, Hawaii 96813

Re: Hearing Date: April 4, 2017 9:45 A.M.
HB 1465, HD2, SD1 Relating to Liquor

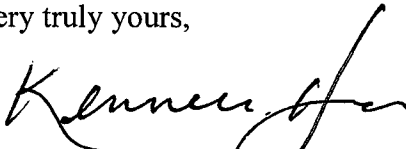
Dear Chair Keith-Agaran, Vice Chair Rhoads and Committee Members:

This letter is in **support** of this bill as it would improve the processing and administration of liquor licenses on each county, while still maintaining the control and oversight of the various liquor commissions.

This bill also cleans up language to make clear that publicly traded entities or entities ultimately owned by publicly traded entities may designate primary decision makers who would undergo the clearance process so that other principals who are not involved in the liquor operations need not go through that same process.

Thank you for your consideration of the foregoing.

Very truly yours,



KENNETH G. K. HOO

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March 31, 2017

Via Facsimile (808) 586-8459

Senator Gilbert S.C. Keith-Agaran, Chair
Committee on Judiciary and Labor
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Re: H.B. No. 1465 relating to Liquor – **LETTER OF SUPPORT**
Hearing Date: April 4, 2017, 9:45 a.m. Conference Room 016

Dear Chair Keith-Agaran and Committee Members:

This letter is in **support** of H.B. No. 1465, which would amend the liquor license procedures to allow publicly owned companies, and entities they own, to provide information for only those officers designated as primary decision makers regarding the purchase and sale of liquor. Last year HB 2422 passed and was signed into law as Act 12, but there was a question as to whether another section of Chapter 281 should have been amended as well. This HB 1465 addresses that question by amending Chapter 281-45(2) to be consistent with the changes made by Act 12.

In addition, the Bill contains clean-up language to allow the Commissions to expeditiously address the withdrawal of a partner or manager of an LLC, or address the situation when a partner or member passes away. Chapter 281-41(d) allows for ease of transfer of an interest for estate planning purposes or upon death, withdrawal, without such having to go through the formal transfer of liquor license application process. In this case the license remains with the same entity, and the same partners are still in control.

For Chapter 281-41(e), any change of a principal of the partnership, or limited liability company which holds the license should not be considered a transfer, since the entity that holds the license remains the same. Any new principal would have to be reported to the commission and the commission can still require additional information as needed of the new individual.

The proposed changes to Chapter 281-41(i) allow for corporations to notify the Commission within thirty (30) days of any change in ownership of twenty-five percent (25%), rather than prior to the change which reflects the factual reality of today's stock market transactions. Chapter 281-96 provides further flexibility of the Commission to hold a license in safekeeping rather than cancel it.

As a practicing attorney, I represent numerous publicly and privately owned companies in connection with liquor issues in all counties and believe this bill would benefit the application process in each county.

This bill would streamline the liquor license application process for publicly owned companies which typically have a multitude of officers and directors, by title, even though only a select few are involved in the purchase, sale and service aspect of the liquor licensee's business. Requiring all officers, e.g. whether first, second, third, executive, senior, or assistant vice presidents, to undergo the criminal clearance and personal history process is unduly burdensome, redundant, and unnecessary for these companies and their solely owned entities, when just a select few directly supervise the liquor sale and purchase. This bill would create a more business friendly environment, without jeopardizing the original purpose of ensuring that ex-felons are not involved in the sale of liquor in Hawaii, since it would only apply to publicly owned companies, who are already subject to strict regulation and oversight by the Securities and Exchange Commission and other government agencies.

The amendment to require only a transfer of twenty-five per cent or more of outstanding voting capital stock to secure the approval of the transfer reflects the realities of the modern business world where companies often issue nonvoting stock or other nonvoting equity instruments to finance their operations. The vetting of stockholders who control the company, because of their voting rights, would continue. This would allow corporations to obtain financing and other capitalization faster and more efficiently.

Finally, the provisions for the withdrawal of partners or members reduces procedures that are unnecessary and where the current law does not provide for the business realities of the situation. For the foregoing reasons, I respectfully support H.B. No. 1465. Thank you for your consideration of the foregoing.

Very truly yours,

TORKILDSON, KATZ, MOORE,
HETHERINGTON & HARRIS
Attorneys At Law, A Law Corporation



Newton J. Chu