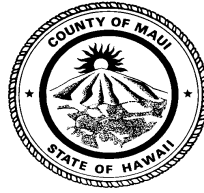


ALAN M. ARAKAWA  
MAYOR



200 South High Street  
Wailuku, Maui, Hawai'i 96793-2155  
Telephone (808) 270-7855  
Fax (808) 270-7870  
E-mail: mayors.office@mauicounty.gov

**OFFICE OF THE MAYOR**  
Ke`ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

March 27, 2018

TESTIMONY OF ALAN M ARAKAWA  
MAYOR  
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON FINANCE

Wednesday, March 28, 2018; 2:00PM  
Conference Room 308

SB2945, HD1 RELATING TO LIQUOR.

Honorable Sylvia Luke, Chair  
Honorable Ty J.K. Cullen, Vice Chair  
Honorable Members of the House Committee on Finance

-----  
Thank you for this opportunity to testify in **SUPPORT OF SB2945, HD1.**

The purpose of this bill is to eliminate the requirement that the applicant for a liquor license or a renewal of a license, or in the case of a transfer of a license, both the transferor and the transferee produce either a tax clearance certificate from the Internal Revenue Service or proof of entering into an installment plan agreement with the Internal Revenue Service.

The Internal Revenue office on Maui is open one day a week and at times half day a week. Applicants are required to have appointment. Appointments are for half hour and only one application will be reviewed, and additional half hour appoint must be made for any additional application. Many liquor license applicants reported that it is a challenge to obtain an appointment due to the Internal Revenue Service office have only one agent and have been closed on numerous occasions due to staff shortage; at times more than two months closure. The IRS indicated it has no plans to provide additional staff support nor extend hours of operations at its Maui office.

Applicants who are unable to obtain appointments, are obtaining or given appointments, if available, on the island of Oahu or Hawaii to obtain their IRS tax clearance. Not for profit organizations have reported that they have had to cancel or curtail its fundraising events since the Maui IRS office was closed for several weeks.

The Federal tax clearance requirement prevents or causes undue hardship, costs, and delay for liquor license applicants from obtaining their liquor license.

**I strongly urge you to pass SB2945 HD1.**

Sincerely,

Alan M. Arakawa  
Mayor, County of Maui

**COMMISSION  
CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600, HONOLULU, HAWAII 96813-5249  
PHONE (808) 768-7300 or (808) 768-7333 • FAX (808) 768-7311  
INTERNET ADDRESS: [www.honolulu.gov/liq](http://www.honolulu.gov/liq) • E-MAIL: [liquor@honolulu.gov](mailto:liquor@honolulu.gov)

KIRK CALDWELL  
MAYOR



March 27, 2018

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
and Members of the Committee on Finance

**Hearing:** Wednesday, March 28, 2018  
2:00 PM; Room 308

**Position:** Strong Support for SB 2945, Relating to Liquor

Dear Chair Luke, Vice Chair Cullen, and Members:

The Liquor Commission, City and County of Honolulu (Commission), appreciates the opportunity to submit testimony in strong support of Senate Bill 2945 HD1, Relating to Liquor, and respectfully requests removal of the July 1, 2050 defective effective date.

As you are aware, liquor regulation in the state of Hawaii is home rule-based, with regulatory oversight assigned to four (4) county liquor commissions. The approximate number of licensees regulated by each county commission are City and County of Honolulu (1,400+); Hawaii (400+); Kauai (200+); and Maui (400+). Each of these liquor licenses have a term of July 1 to June 30 the following year, with license renewals being conducted in the final quarter of the license year. In order to obtain the renewed license, current state law requires that the licensee present

... a tax clearance certificate from the department of taxation and from the Internal Revenue Service showing that the applicant ... do not owe the state or federal governments any delinquent taxes, penalties, or interest; or that the applicant ... has entered into an installment plan agreement with the department of taxation and the Internal Revenue Service for the payment of delinquent taxes in installments and that the applicant is ... complying with the installment plan agreement; ...

Section 281-45(3), Hawaii Revised Statutes, as amended. To the best of our knowledge and belief, the state of Hawaii is the only liquor jurisdiction that directly ties license renewal to the tax clearance requirement, as opposed to a taxpayer's responsibility being independent of the act of obtaining a renewed liquor license.

As the Internal Revenue Service (IRS) has faced increasing budgetary and resource challenges over the past 3-4 years, Hawaii licensees have experienced the loss of IRS offices, decreased IRS personnel, and decreased IRS operating hours when renewing their liquor licenses. This past June was a licensee tax clearance month of typical and recurring difficulty, with our licensees experiencing breaks in service largely due to the inability of the IRS to accommodate required face-to-face appointments with licensees unable to qualify for pre-

JOSEPH V. O'DONNELL  
CHAIRMAN

NARSI A. GANABAN  
CO-VICE CHAIR

MALAMA MINN  
CO-VICE CHAIR

DARREN Y. T. LEE  
COMMISSIONER

DUANE R. MIYASHIRO  
COMMISSIONER

FRANKLIN DON PACARRO, JR.  
ADMINISTRATOR

ANNA C. HIRAI  
ASSISTANT ADMINISTRATOR

clearance by mail. By way of example, at our February 8, 2018 hearing one well-known restaurant licensee with multiple locations in Honolulu was required to fly to the Hilo office in order to resolve its tax clearance issues, before returning to Honolulu that same day to effect its licenses after suffering a five-day break in service. This was due to the licensee's inability to obtain an appointment with the Honolulu office earlier than weeks later.

To be fair, outreach to the IRS through the Small Business Administration – Office of the National Ombudsman did result in some relief to our licensees, via the ability to use Hawaii Compliance Express to facilitate the tax clearance procedure online. However, we submit that the IRS has sufficient enforcement ability to ensure taxpayer compliance independent of the license renewal process, and we support its elimination. It appears contrary to the goal of efficient and complete collection of taxes to cut off a licensee's principal source of revenue in order to enforce payment of a tax obligation.

The Liquor Commission appreciates the opportunity to provide testimony on Senate Bill 2945 HD1, Relating to Liquor, and urge your favorable action on this measure. As the measure was transmitted to the House unamended, the removal of the July 1, 2050 defective effective date would likely be unopposed when returned to the Senate, which could make the relief sought in Senate Bill 2045 HD1 applicable to the FY2019 license renewal process.

Respectfully submitted,



FRANKLIN DON PACARRO, JR.  
Administrator

FDP:ACH

**SB-2945-HD-1**

Submitted on: 3/27/2018 8:31:17 AM

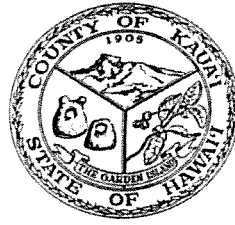
Testimony for FIN on 3/28/2018 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
LIANNE SUZUKI	DEPT OF LIQUOR CONTROL, COUNTY OF MAUI	Support	No

Comments:

Please eliminate "This act shall take effect on July 1, 2050." By eliminating this, the licensees and applicants can be provided immediate relief and this Bill will be applicable to the FY2019 license renewal. Thank you.

**Bernard P. Carvalho Jr.**  
Mayor



**Gerald T. Rapozo**  
Director

**Wallace G. Rezentes Jr.**  
Managing Director

**DEPARTMENT OF LIQUOR CONTROL**

**County of Kaua'i, State of Hawai'i**

4444 Rice Street, Suite 120, Līhu'e, Hawai'i 96766  
TEL (808) 241-4966 FAX (808) 241-6585

March 27, 2018

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
Committee on Finance

**Hearing:** Wednesday, March 28, 2018  
2:00 p.m.; Room 308

**Position:** Strongly Support SB 2945 HD1 Relating to Liquor

Dear Chair Luke, Vice Chair Cullen and Members:

The Department of Liquor Control, County of Kauai, strongly supports Senate Bill 2945 HD1 Relating to Liquor.

Currently, all liquor license applicants and those renewing their licenses annually are required to submit tax clearances from both the State of Hawaii Department of Taxation (DoTax) and the Internal Revenue Service. Obtaining those clearances from the Internal Revenue Service (IRS) has been difficult for licensees and applicants in the County of Kauai.

Unlike the neighbor islands, Kauai does not have a local IRS office. Our applicants and licensees need to obtain an appointment on Oahu to meet with the IRS. This appointment is made after waiting a long time, sometime 2 hours, on the phone to finally speak to a person. The phone call is only to get an appointment and not for questions. On two occasions, I have had the privilege to speak to someone from the IRS after frustrated licensees have come to our office pleading for help. On both occasions, the person at the IRS had no idea what a tax clearance for a liquor license was. Hawaii is one of the few States that require IRS tax clearances for liquor licenses.

In comparison, we have never received any complaints from our licensees about the State Department of Taxation. On Kauai, the local DoTax office staff are very professional and helpful to both the Department of Liquor Control and our licensees.


*An Equal Opportunity Employer*

We would also recommend that the effective date of July 1, 2050 be amended to make the relief sought applicable to the fiscal year 2019 license renewal process.

The Department of Liquor Control, County of Kauai urges you to support Senate Bill 2945, Relating to Liquor.

Thank-you for the opportunity to testify on this matter.

Respectfully Submitted,

  
GERALD T. RAPOZO  
Director



*Maui Hotel & Lodging*  
ASSOCIATION

Testimony of  
**Lisa H. Paulson**  
Executive Director  
Maui Hotel & Lodging Association  
on  
SB 2945 HD1  
**Relating To Liquor**

COMMITTEE ON FINANCE  
**Wednesday, March 28, 2018, 2:00 pm**  
**Conference Room 308**

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 185 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 is **in support of SB 2945 HD1** which eliminates the requirement that the applicant for a liquor license or a renewal of a license, or in the case of a transfer of a license, both the transferor and the transferee produce either a tax clearance certificate from the Internal Revenue Service or proof of entering into an installment plan agreement with the Internal Revenue Service.

MHLA believes that this measure would streamline the process in obtaining or renewing a liquor license. Currently, Hawaii is the only state to require federal tax clearance for liquor license applications and renewals and therein lies the source of much frustration.

For example, The Internal Revenue office on Maui is open only one day a week and at times half day a week. Liquor license applicants must have an appointment to receive their tax clearance which is a challenge to obtain due to the Internal Revenue Service office only having one agent and being closed on numerous occasions due to staff shortage. The IRS indicated it has no plans to provide additional staff support nor extend hours of operations at its Maui office. This situation has caused many of our Maui businesses having to obtain appointments with the IRS offices on Oahu or Hawaii to receive their IRS tax clearance.

I urge you to pass this important measure.

Thank you for the opportunity to testify.



## The following is a list of members represented by Maui Hotel & Lodging Association:

### Property Members

Andaz Maui  
Aston at the Whaler on Kā'anapali Beach  
Aston Kā'anapali Shores  
Aston Mahana at Kā'anapali  
Best Western Pioneer Inn  
Destination Maui Vacation Rentals  
Destination Residences Hawai'i  
Fairmont Kea Lani, Maui  
Four Seasons Resort Lāna'i  
The Lodge at Koele, A Four Season Resort  
Four Seasons Resort Maui at Wailea  
Grand Wailea Resort  
Hana Kai Maui Resort  
Honua Kai Resort & Spa  
Hotel Molokai

Hotel Wailea Maui  
Hyatt Regency Maui Resort & Spa  
Hyatt Residence Club, Kā'anapali Beach  
Kā'anapali Beach Club  
Kā'anapali Beach Hotel  
Kahana Falls  
Lāhaina Shores, Classic Resorts  
Mana Kai Maui  
Marriott's Maui Ocean Club  
Maui Beach Hotel  
Maui Coast Hotel  
Maui Condo & Home, LLC  
Maui Eldorado Kā'anapali by Outrigger  
Mauiian Hotel, The  
Montage Kapalua Bay

Napili Kai Beach Resort  
Napili Shores Resort by Outrigger  
Plantation Inn  
Residence Inn Maui Wailea  
Ritz-Carlton Kapalua  
Royal Lāhaina Resort  
Sheraton Maui Resort & Spa  
Travaasa Hana  
Wailea Beach Marriott Resort & Spa  
Wailea Point  
Westin Kā'anapali Ocean Resort Villas  
Westin Maui Resort & Spa  
Westin Nanea Ocean Villas  
Maui Beach Ocean View Rentals, LLC

### Allied Members

21st. Century Group  
A&B Properties  
AA Oceanfront Rentals & Sales  
Activities & Attractions Assn. of HI  
Airbnb, Inc.  
Akina Tours & Transportation  
Alaska Airlines  
Ali'i Linen Service  
Allana Buick & Bers, Inc.  
Aloha Visitor Guides  
Aloha Waste Systems, Inc.  
Altres, Inc.  
American Airlines  
American Hotel Register  
American Resort Development  
Association  
Andaz Beach Crew  
Anheuser-Busch Sales of HI  
Aqualani Recreation  
Aubrey Hord Photography LLC  
Bank of Hawai'i  
BELFOR Property Restoration  
Bev Gannon Restaurants  
Blue Hawaiian Helicopters  
Carlsmith Ball  
Castaway Construction & Restoration  
Central Pacific Bank  
Chrysalis Events Hawai'i  
Clean Island Breathing LLC  
Cleaners Warehouse  
Condominium Rentals Hawai'i  
Doctors on Call  
Dorvin D. Leis Co., Inc.  
Embassy Carpets  
ENPRO Environmental  
Enterprise|Alamo|National Car Rental  
Eskimo Candy Inc.  
Expedia Local Experts  
Expeditions  
Ferguson Enterprises, Inc.  
First Hawaiian Bank  
Ganir & Co. Pacific Rim Commercial Svc.  
Gilbert & Associates, LLC  
Happy Valley Service  
Hawai'i Care & Cleaning  
Hawai'i Energy  
Hawai'i Executive Transportation Service  
Hawai'i Pacific Solar  
Hawai'i Petroleum Inc.

Haynes Publishing Group  
Heidi & Cook LLC  
He-Man Landscaping & Tree Services  
HFM Foodservice  
HMSA  
Home Maid Bakery  
Honua Kai Condominium Association  
Integrated Business Solutions of Hawai'i  
Island Movers  
Johnson Controls, Inc.  
Kā'anapali Beach Resort Association  
Kā'anapali Golf Courses  
Kā'anapali Operations Association Inc.  
Kahului Carpet & Drapery Products Inc.  
Kapalua Golf and Tennis  
Kōkua 'Āina Energy Partners, LLC  
KONE Elevators & Escalators  
Landmark Hotels Group  
Layton Construction Company, LLC  
Maui Chemical and Paper Products, Inc.  
Maui Disposal Co., Inc.  
Maui Dive Shop  
Maui Electric Company  
Maui Linen Supply, LLC  
Maui Ocean Center  
Maui Printing Company  
Maui Soda & Ice Works, Ltd.  
Maui Windows & Doors, LLC  
MD Restoration Maui  
Meadow Gold Dairies  
Munekiyō Hiraga  
Native Hawaiian Hospitality Association  
NETT Distribution, LLC  
Next Level Entertainment, LLC  
Oahu Publications, Inc.  
Old Lāhaina Lū'au  
Pacific Biodiesel Logistics  
Pacific Dream Photography  
Pacific Media Group  
Pi'iholo Ranch Zipline  
Pono Communications, LLC  
Premier Restoration Hawai'i  
ProService Hawai'i  
Pūlama Lāna'i  
PWC Hawai'i Corporation  
Pyramid Insurance Centre, Ltd.  
Queen Ka'ahumanu Shopping Center  
Ruth's Chris Steak House  
Securitas Security Services USA

SGS Hawai'i Inc. Landscape Management  
Soleil Management Hawai'i  
Spectrum  
Standard Parking  
Sun Fresh Hawai'i LLC  
Surfing Goat Dairy  
The Beast & Spoon LLC  
The Orchid Lei Company  
The Outlets of Maui  
The Shops at Wailea  
ThyssenKrupp Elevator Americas  
TravelClick  
Trilogy Excursions  
Tri-Star Restaurant Group  
TS Restaurants  
University of Hawai'i Maui College  
VIP Foodservice  
VivoAquatics  
Wailea Golf, LLC  
Wailea Resort Association  
Wash Laundry Systems  
Whalers Village Fine Shops & Restaurants  
Where Hawai'i, Morris Visitor  
Publications  
Xclusive Staffing  
Xerox Corp Maui  
Young Brothers, LTD.  
Hawaii AgriTourism Association  
Hawaiian Airlines  
Hospitality Advisors  
Maui Chamber of Commerce  
West Maui Taxpayer's Association





COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

Rep. Romy M. Cachola	Rep. Nicole E. Lowen
Rep. Lynn DeCoite	Rep. Nadine K. Nakamura
Rep. Beth Fukumoto	Rep. Chris Todd
Rep. Cedric Asuega Gates	Rep. Kyle T. Yamashita
Rep. Daniel Holt	Rep. Andria P.L. Tupola
Rep. Jarrett Keohokalole	Rep. Gene Ward
Rep. Bertrand Kobayashi	

NOTICE OF HEARING

DATE: Wednesday, March 28, 2018  
TIME: 2:00 P.M.  
PLACE: Conference Room 308

**TESTIMONY OF THE OCEAN TOURISM COALITION IN SUPPORT SB2945,HD1**

Chair Luke, Vice Chair Cullen and Members of FIN Committee

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC),  
**speaking in Support of SB 2945,HD1 Relating to Liquor.**

The OTC represents over 300 small ocean tourism businesses state wide. All of them operate from State Boating Facilities managed by DLNR/DOBOR. Many of these companies have liquor licenses. Most of these are family businesses which are locally owned and operated. Many of them have been in business for several decades and are an important and valued part of their respective communities.

The current problem with obtaining the IRS Tax Clearance is that the Maui IRS Office has shut down and it is very difficult to get the IRS Clearance, but the Maui Liquor Board requires a physical stamped IRS Clearance. Companies need to go to Oahu to get clearance there. This is a serious hardship for our members and we support this important change in the law.

Please pass SB 2945,HD1.

Sincerely,

James E. Coon, President OTC

**SB-2945-HD-1**

Submitted on: 3/26/2018 8:54:48 AM

Testimony for FIN on 3/28/2018 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Zachary LaPrade	Quicksilver Charters	Support	No

Comments:

The current problem with obtaining the IRS Tax Clearance is that the Maui IRS Office has shut down and it is very difficult to get the IRS Clearance, but the Maui Liquor Board requires a physical stamped IRS Clearance. Companies need to go to Oahu to get clearance there. This is a serious hardship for our members and we support this important change in the law.



March 28, 2018

To: The Honorable Chair Luke, Vice Chair Cullen and Members of the House Committee on Finance

From: Kona Brewing Company  
Mary Rait; Director, Regulatory Compliance and Government Relations

RE: **SB2945 HD1**; Relating to Intoxicating Liquor; License; Tax Clearance;  
**In Support**  
March 28, 2018; Conference Room 308

Kona Brewing Co. appreciates the opportunity to provide testimony **in support** of a SB2945 HD1 that proposes to streamline the liquor licensing process.

Kona Brewing Co. runs our flagship brewery out of Kailua-Kona, Hawaii, and currently produces 12,000 barrels of beer per year on island. In addition to our brewery liquor license, we hold two restaurant liquor licenses for our pubs – the Kona Pub on the island of Hawaii and Koko Marina Pub on Oahu. Starting this spring, Kona Brewing Co. will be expanding our pub and brewery operations in Hawaii to include a new state-of-the-art, 30,000 square-foot facility. In addition to creating more local jobs, this expansion will increase our annual on-island production capacity from 12,000 to 100,000+ barrels of malt beverages.

SB2945 HD1 proposes to eliminate the requirement that we obtain a tax clearance certificate from the Internal Revenue Service (IRS) or proof of entering into an installment plan agreement with the IRS before we can renew our liquor licenses. This process has been challenging for us in many ways. With limited hours of operation on the island of Hawaii, we've had to take extra measures to physically take our tax clearance certificate to the office for approval causing undue hardship and costs. Hawaii is the only state to require an IRS tax clearance for liquor license applications and renewals.

Kona Brewing Co. is proudly invested in the future of Hawaii and feels passionate about promoting the craft beer industry while advocating for environmental responsibility and sustainability. Mahalo for the opportunity to provide testimony on SB2945 HD1.

Sincerely,

Mary Rait  
Kona Brewing Company

Anthony P. Takitani  
Gilbert S.C. Keith-Agaran  
David M. Jorgensen

24 North Church Street, Suite 409  
WAILUKU, MAUI, HI 96793-2222  
(808) 242-4049 • FAX (808) 244-4021  
dave@tonytlaw.com

Joseph L. Wildman  
Of Counsel

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# TAKITANI, AGARAN & JORGENSEN

A Law Partnership

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March 27, 2018

**VIA STATE LEGISLATURE WEBSITE  
AND FACSIMILE (808 586-6201)**

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
House on Commerce on Finance  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: SB2945, HD1, Relating to Liquor

Aloha Representatives Luke and Cullen:


My name is David M. Jorgensen and I'm with the Wailuku, Maui law firm of Takitani, Agaran & Jorgensen. I'm submitting this letter to express strong support for SB 2945, HD1, Relating to Liquor.

Applicants for liquor licenses currently are required under State law to submit Federal and State tax clearances and, if the application is for a transfer of a license, tax clearances are required from both the transferee and the transferor. The problem is that the Internal Revenue Service office on Maui is only open one day a week and sometimes not at all for weeks at a time. I do a fairly large amount of work for restaurants and bars and I've had to fly to Oahu or Hilo several times to obtain federal tax clearances.

This obviously costs the client a lot more money and takes all day to make the trip. And I'm aware of some situations where a liquor licensee was unaware of the problem and was not able to obtain their tax clearance in time, so their license expired and they had to start over from scratch to get a new license. We would also request that if the bill is approved, that it take effect immediately so we ask that the effective date of July 1, 2050 stated in House Draft 1 be deleted or modified.

I hereby request your support of SB2945, HD1, to help eliminate the confusion, frustration, undue hardship and great expense to applicants for liquor licenses. Thank you for your time and consideration on this matter.

Sincerely,

  
DAVID M. JORGENSEN

# Merchant Horovitz & Tilley

David B. Merchant  
Peter A. Horovitz  
Loren K. Tilley  
Kristine Tsukiyama  
Jason A. Economou

Tel: 808.242.5700  
Email: pah@mhmaui.com

March 27, 2018

## **VIA Electronic Submission**

House Committee on Finance

Representative Sylvia Luke, Chair  
House District 25  
Hawaii State Capitol, Room 306

Representative Ty J.K. Cullen, Vice Chair  
House District 39  
Hawaii State Capitol, Room 316

Re: Support of SB 2945, HD1 – Relating to Liquor  
Hearing – March 28, 2018, 2:00 p.m.

Dear Representatives Luke and Cullen and Members of the House Committee on Finance:

I am writing in support of SB 2945, HD1. In my practice, I represent numerous licensees ranging from hotel/resort operators, restaurants, bars, and retail stores. While the bulk of my licensees are within Maui County, we also represent licensees on all islands.

As a part of the initial liquor license application and annual renewals, licensees are currently required to submit a tax clearance from both the IRS and the State Department of Taxation. Obtaining a tax clearance from the IRS has become extremely difficult and has caused undue hardship on all Maui licensees.

The local IRS office on Maui is open one day a week for half a day. Applicants are required to call a 1-800 number to make an appointment. Each appointment is allotted a 30-minute block. For clients that have more than one license (e.g. retail stores throughout the island), one 30-minute appointment must be booked for each separate license. As you can imagine, with the very limited number of appointment slots, it has become a hardship for licensees to obtain the federal tax clearance in a timely manner. Further exacerbating the problem is the fact that there is only one IRS agent running the Maui office. If s/he is out on vacation or sick, the office is closed even on that single half-day. In order to meet the

March 27, 2018

Page 2

federal tax clearance requirement during the limited liquor license renewal period, licensees have had to travel to Honolulu or Hilo to obtain an IRS clearance.

This bill would eliminate the burdensome requirement of obtaining a federal tax clearance while still ensuring that licensees are in full compliance with their financial responsibilities to the State Department of Taxation.

With that in mind, I would also strongly urge you to remove Section 3 of this bill that makes the Act effective on July 1, 2050. Businesses and licensees need immediate relief from the IRS tax clearance requirement, and as such, I humbly ask that this bill, if passed, take effect immediately.

I thank you for this opportunity to provide testimony on Senate Bill 2945, HD1, and urge you to support this matter.

Very truly yours,



Peter A. Horovitz, Esq.



March 28, 2018

Testimony to: House Committee on Finance  
Representative Sylvia Luke, Chair

Presented by: Jim Coon, President  
Ocean Tourism Coalition

Subject: S.B. 2945, H.D.1 – Relating to Liquor

Chair Luke and Members of the Committee:

I am James Coon, President of the Ocean Tourism Coalition and we support this bill.

The OTC represents over 300 small ocean tourism businesses state wide. All of them operate from State Boating Facilities managed by DLNR/DOBOR. Many of these companies have liquor licenses. Most of these are family businesses which are locally owned and operated. Many of them have been in business for several decades and are an important and valued part of their respective communities.

The current problem with obtaining the IRS Tax Clearance is that the Maui IRS Office has shut down and it is very difficult to get the IRS Clearance. Companies need to go to Oahu to get clearance there. This is a serious hardship for our

members and we support this important change in the law. Hawaii is one of the few if not the only State in America that requires IRS Clearance for a liquor license.

Please pass S.B. 2945, HD 1 and remove this onerous provision from the rules.





**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
WEDNESDAY, MARCH 28, 2018 AT 2:00 P.M.**

To The Honorable Sylvia Luke, Chair;  
The Honorable Ty J.K. Cullen, Vice Chair; and  
Members of Committee on Finance;

**TESTIMONY IN SUPPORT OF SB 2945 RELATING TO LIQUOR**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce. I am writing share our support of SB 2945.

Thank you for taking up this matter. We deeply appreciate movement for those applying for and renewing their liquor licenses as this will make the process faster. This measure will greatly save time for all applicants. We know it can take days to weeks to get a State tax clearance and it takes even longer to get an IRS clearance. Therefore, we support this bill that will help to expedite the process so applicants can get their licenses sooner.

We appreciate the opportunity to testify on this matter and ask that this bill be passed.

Sincerely,

*Pamela Tumpap*

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.