

**Bernard P. Carvalho, Jr.**  
Mayor

**Nadine K. Nakamura**  
Managing Director



**Gerald T. Rapozo**  
Director

**DEPARTMENT OF LIQUOR CONTROL**  
**County of Kaua'i, State of Hawai'i**  
4444 Rice Street, Suite 120, Lihu'e, Hawai'i 96766  
TEL (808) 241-4966 FAX (808) 241-6585

February 26, 2016

Representative Karl Rhoads, Chair  
Representative Joy A. San Buenaventura, Vice Chair  
Committee on Judiciary

**Hearing:** Tuesday, March 1, 2016  
2:00 p.m.; Room 325

**Position:** Support HB 2422 Relating to Liquor

Dear Chair Rhoads, Vice Chair San Buenaventura and Members:

The Department of Liquor Control, County of Kauai, supports House Bill 2422 relating to Liquor Licenses.

The bill as written 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.

The Department of Liquor Control, County of Kauai urges you to support House Bill 2422, Relating to liquor licenses.

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

Respectfully Submitted,

  
GERALD T. RAPOZO  
Director

**LIQUOR COMMISSION  
CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600, HONOLULU, HAWAII 96813-5249  
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MAYOR

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CHAIRMAN

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MALAMA MINN  
COMMISSIONER

FRANKLIN DON PACARRO, JR.  
ADMINISTRATOR

ANNA C. HIRAI  
ASSISTANT ADMINISTRATOR

February 29, 2016

Representative Karl Rhoads, Chair  
Representative Joy A. San Buenaventura, Vice Chair  
Committee on Judiciary

**Hearing:** Tuesday, March 1, 2016  
2:00 P.M.; Room 325

**Position:** Providing Comments on HB 2422, Relating to Liquor

Dear Chair Rhoads, Vice Chair San Buenaventura, and Members:

The Liquor Commission, City and County of Honolulu (Commission), appreciates the opportunity to provide comments on House Bill 2422, Relating to Liquor.

The proposed measure would amend two (2) sections of Chapter 281, Hawaii Revised Statutes (HRS), to clarify and fine-tune procedures applicable to a narrow category of licensee or liquor license applicant. The Commission feels that the proposed amendments both **provide clarification and efficiencies for these types of licensees or liquor license applicants, but without impeding or decreasing the quality of our regulatory oversight.** Specifics follow:

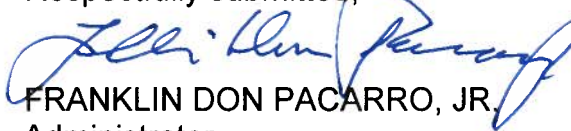
1. Section 1 would amend HRS 281-41(i) to specify that changes in outstanding *voting* capital stock is the appropriate type of capital stock that would determine whether a change in ownership of stock requires that the licensee get *pre-approval* of the change from the Commission. As corporate ownership structures frequently contain classes of stock that are *non-voting*, it is **reasonable from a regulatory standpoint to only consider changes in voting stock**, as only the voting stock classes can effect changes in a corporation's corporate behavior.
2. Section 2 would amend HRS 281-53(1) to specify that if a licensee or liquor license applicant is a publicly-traded company, or an entity that is ultimately solely owned by a publicly-traded company, that only those officers designated as the primary decisionmakers regarding the licensee's or applicant's liquor sales and service activities need to be identified and submit personal history information for applications, renewals, and transfers. Section 1 makes a conforming amendment to HRS 281-41(i).

For the past ten years, licensees and applicants who meet this publicly-traded criteria **have requested the same relief as that described in House Bill 2422, and the Commission routinely has granted this relief.** The Section 1 and 2 amendments would eliminate this extra step. The reasons expressed for granting the relief are as follows:

- (a) Publicly-traded companies are subject to oversight from the Securities & Exchange Commission, which imposes corporate governance, disclosure, and accountability requirements **far more extensive** than that imposed by the Commission.
- (b) Publicly-traded companies frequently have corporate officers that number in the dozens, many of whom have no knowledge of or responsibility for liquor sales and service activities taking place in the City and County of Honolulu. Identifying and reviewing personal history information from those with no knowledge of or responsibility for liquor sales and service activities taking place in the City and County of Honolulu **does not further regulatory oversight** over the licensee or the applicant.
- (c) In a similar vein, requiring the identification and personal history information from those with no knowledge of or responsibility for liquor sales and service activities taking place in the City and County of Honolulu is **burdensome** for both the licensee or the applicant and Commission staff, **without** a corresponding improvement in regulatory oversight.

Thank you for the opportunity to testify.

Respectfully submitted,

  
FRANKLIN DON PACARRO, JR.  
Administrator

FDP:ACH

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CITY AND COUNTY OF HONOLULU**

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February 29, 2016

Representative Karl Rhoads, Chair  
Representative Joy A. San Buenaventura, Vice Chair  
Committee on Judiciary

**Hearing:** Tuesday, March 1, 2016  
2:00 P.M.; Room 325

**Position:** Additional Testimony for HB 2422, Relating to Liquor

Dear Chair Rhoads, Vice Chair San Buenaventura, and Members:

The Departments of Liquor Control of the Counties of Hawaii and Kauai, and the Liquor Commission, City and County of Honolulu, wish to supplement testimony in support and providing comments submitted for House Bill 2422, Relating to Liquor, and respectfully request your favorable consideration to an amendment as discussed herein.

In line with the license application efficiencies furthered by Sections 1 and 2 of House Bill 2422, we respectfully propose a new Section 3 be added if the Committee moves House Bill 2422 forward, to wit:

**SECTION 3.** Section 281-45(3) is amended to read as follows:

"Unless the applicant for a license or a renewal of a license, or in the case of a transfer of a license, both the transferor and the transferee, present to the issuing agency a [signed] tax clearance certificate from the [director] department of taxation and from the Internal Revenue Service showing that the applicant or the transferor and transferee do not owe the state or federal governments any delinquent taxes, penalties, or interest; or that the applicant, or in the case of a transfer of a license, the transferor or transferee, 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 or the transferor or transferee is, in the case of a transfer of a license, complying with the installment plan agreement;..."

Before a liquor license can be issued, transferred, or renewed, the applicant or licensee must produce to the Commission a signed certificate from the state Director of Taxation and from the Internal Revenue Service (IRS) showing that the applicant or

licensee does not owe the state or the federal government any delinquent taxes, penalties, or interest ("tax clearance"). Meeting this requirement is particularly critical at license renewal time, when liquor licenses all must be renewed and issued in a timely fashion to prevent a break in liquor sales and service for the licensee. The proposed amendment to Section 281-45(3), Hawaii Revised Statutes, will authorize the county liquor commissions to accept an alternative compliance certificate approved by the Department of Taxation (DoTax) in satisfaction of the tax clearance requirement. This alternative clearance certification will provide compliance assurance equal to the tax clearances issued by DoTax and the IRS, while making for a more efficient license renewal process for all licensees, and particularly for those neighbor island licensees who do not have access to a local tax office.

Thank you for the opportunity to supplement our previously submitted testimony.

Respectfully submitted,



FRANKLIN DON PACARRO, JR.  
Administrator, Liquor Commission

GERALD TAKASE  
Director, Hawaii Dept. of Liquor Control

GERALD RAPOZO  
Director, Kauai Dept. of Liquor Control

FDP:ACH

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FW: HB 2422 Hearing Tuesday, March 1, 2016, 2:00 p.m., Room 325

-----Original Message-----

From: Fukamizu, deEtte [mailto:deEtte.Fukamizu@hawaiicounty.gov]  
Sent: Monday, February 29, 2016 12:50 PM  
Subject: HB 2422 Hearing Tuesday, March 1, 2016, 2:00 p.m., Room 325

Please see attached testimony in support of HB 2422 relating to Liquor.

de Ette Fukamizu

Private Secretary to Gerald Takase

Director of Liquor Control

County of Hawai'i

101 Aupuni Street, Suite 230

Hilo, HI 96720

Phone: (808)961-8218

E-mail: deEtte.Fukamizu@hawaiicounty.gov



**Executive Officers:**

**Derek Kurisu, KTA Superstores - Chairperson**

**John Erickson, Young's Market Company – Vice Chair**

**Bob Stout, Times Supermarkets – Secretary/Treasurer**

**Lauren Zirbel, Executive Director**

**1050 Bishop St. PMB 235**

**Honolulu, HI 96813**

**Fax : 808-791-0702**

**Telephone : 808-533-1292**

**TO: COMMITTEE ON JUDICIARY**

**Representative Karl Rhoads, Chair**

**Representative Joy A. San Buenaventura, Vice Chair**

**FROM: HAWAII FOOD INDUSTRY ASSOCIATION**

**Lauren Zirbel, Executive Director**

**DATE: Tuesday, March 1, 2016**

**TIME: 2:00 p.m.**

**PLACE: Conference Room 325**

**RE: HB2422**

**Position: Support**

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

We support this measure. In addition to being practical, it increases accountability and helps to simplify a cumbersome process. Since many companies, both here and on the mainland, have multiple owners and numerous locations, it makes sense that the executive responsible for the corporation should be able sign for transfers.

Thank you for the opportunity to testify.

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**TORKILDSON, KATZ, MOORE,  
HETHERINGTON & HARRIS**

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February 29, 2016

Via Facsimile

**LATE TESTIMONY**

Representative Karl Rhoads, Chair  
Representative Joy A. San Buenaventura, Vice Chair  
House Committee on Judiciary  
Hawaii State Capitol  
415 South King Street  
Honolulu, Hawaii 96813

Re: H.B. No. 2422 relating to Liquor

Dear Chair Rhoads, Vice Chair Buenaventura, and Committee Members:

This letter is in support of H.B. No. 2422, which would amend the liquor license procedures to allow publicly owned companies, and entities they solely own, to provide information for only those officers designated as primary decision makers regarding the purchase and sale of liquor. This bill also would clarify that only a transfer of twenty-five per cent or more of outstanding voting capital stock would require a corporation to secure the approval of the transfer.

As a practicing attorney, I have processed numerous liquor license applications for publicly and privately owned companies in 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 has been 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 vetting officers and directors, 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



Representative Karl Rhoads, Chair

February 29, 2016

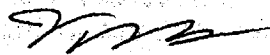
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business world where companies often issue nonvoting stock or other nonvoting equity instruments to finance its operations. The vetting of stockholders who control the company, because of their voting rights, would continue. This would allow corporations to obtain financing and other capitalization faster and more efficiently.

For the foregoing reason, I respectfully support H.B. No. 2422. Thank you for your consideration of the foregoing.

Very truly yours,

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



Vaughn G.T. Cook

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**TORKILDSON, KATZ, MOORE,  
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February 29, 2016

Via Facsimile

Representative Karl Rhoads, Chair  
Representative Joy A. San Buenaventura, Vice Chair  
House Committee on Judiciary  
Hawaii State Capitol  
415 South King Street  
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**LATE TESTIMONY**

Re: H.B. No. 2422 relating to Liquor

Dear Chair Rhoads, Vice Chair Buenaventura, and Committee Members:

This letter is in support of H.B. No. 2422, which would amend the liquor license procedures to allow publicly owned companies, and entities they solely own, to provide information for only those officers designated as primary decision makers regarding the purchase and sale of liquor. This bill also would clarify that only a transfer of twenty-five per cent or more of outstanding voting capital stock would require a corporation to secure the approval of the transfer.

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 has been 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 vetting officers and directors, 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.

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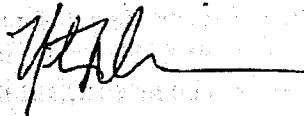
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For the foregoing reason, I respectfully support H.B. No. 2422. Thank you for your consideration of the foregoing.

Very truly yours,

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



Newton J. Chu



**LATE**

Time: 2:00 p.m.

Date: March 1, 2016

Committee: House Economic Development & Business Committee

Location: Capitol Room 325

Bill: HB 2422 Relating to Liquor

Aloha Chair Rhoads, Vice Chair San Buenaventura and members of the committee:

On behalf of Kona Brewing Company, we are writing to support HB 2422, relating to liquor. This bill would amend liquor license application and operating procedures. We believe that this bill is an important step toward ensuring adequate and efficient administration of the application process.

Kona Brewing Company runs its flagship brewery in Kailua-Kona on Hawaii's Big Island, which produces more than 12,000 barrels of beer annually and is complimented by pubs on 'Oahu and Hawaii islands. Kona Brewing Company was started by a father and son team who had a dream to create fresh, local island brews made with spirit, passion, and quality. It recently announced that it will expand its brewery operations in Hawaii to include a new state-of-the-art, 30,000 square-foot brewery, increasing annual production capacity to 100,000 barrels per year. Kona Brewing Company is an integral part of its community, and thus feels passionate about giving back to its community.

Thank you for the opportunity to testify.

Sincerely,

Andy Thomas  
President  
Kona Brewing Company

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 01, 2016 1:10 PM  
**To:** JUDtestimony  
**Cc:** lho@hawaiipublicpolicy.com  
**Subject:** Submitted testimony for HB2422 on Mar 1, 2016 14:00PM

**HB2422**

Submitted on: 3/1/2016

Testimony for JUD on Mar 1, 2016 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Bob Gutierrez	Times Supermarkets	Support	No

Comments: Times Supermarket is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu. We support this measure as it is a good step towards addressing administrative challenges.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)