STAND. COM. REP. NO.

845

Honolulu, Hawaii

MAR 0 3 2017

RE: S.B. No. 1291

S.D. 2

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

Sir:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 1291, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure is to update statutory language on liquor license application and operating procedures. Specifically, this measure:

- (1) Includes member managed and manager managed limited liability companies under liquor licensing statutes;
- (2) Allows liquor license holders to avoid license transfers upon admission or withdrawal of members or owners of the license holding entity by notifying the liquor commission within a set period of time after a change in membership or ownership of the license holding entity; and
- (3) Clarifies conditions under which publicly-traded companies or entities solely owned by a publicly-traded entity may be disqualified for licensure.

Your Committee received testimony in support of this measure from the Maui Hotel & Lodging Association.

Your Committee finds that the efficient and equitable treatment of businesses in any licensing process is essential for cultivating a robust economy that benefits the public. Existing statutes relating to liquor licensing are outdated, do not reflect the current state of business practice in the State, including modern forms of business organization such as limited liability companies, make the licensing process inefficient, and serve as an impediment to business.

Your Committee has amended this measure by:

- (1) As recommended by the Maui Hotel & Lodging Association, inserting language that allows the liquor commission to issue a temporary license when an applicant, transferor, or transferee is actively challenging a tax matter that prevents the issuance of the appropriate certificate;
- (2) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1291, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1291, S.D. 2.

Respectfully submitted on behalf of the members of the Committee on Judiciary and Labor,

GILBERT S.C. KEITH-AGARAN, Chair

## The Senate Twenty-Ninth Legislature State of Hawaiʻi

## Record of Votes Committee on Judiciary and Labor JDL

Bill / Resolution No.:*	Committee Referral:			Date:	
SB 1291 SD1	PSM/GVO, JDL		_	21.	
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
KEITH-AGARAN, Gilbert S.C. (C)					
RHOADS, Karl (VC)					1
GABBARD, Mike					
KIM, Donna Mercado					
THIELEN, Laura H.		/			
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TOTAL		3	0	0	م
Recommendation:  Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes