

Honolulu, Hawaii
February 19, 2016

RE: H.B. No. 2422

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2422 entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR,"

begs leave to report as follows:

The purpose of this measure is to amend the laws relating to intoxicating liquor licensing to simplify procedures for corporate licensees and applicants for licenses without impeding or decreasing the quality of the county liquor commissions' oversight.

More specifically, this measure:

- (1) Provides that licensees and applicants for licenses that are publicly-owned companies, and entities they solely own, are required to provide identifying information regarding only those officers designated as primary decisionmakers regarding the purchase and sale of liquor; and
- (2) Clarifies that the requirement of prior approval of a county liquor commission regarding a change in ownership of at least twenty-five percent of a corporation's outstanding capital stock applies only to voting stock.



The Hawaii Food Industry Association, the Kona Brewing Company, and two attorneys testified in support of this measure. The Liquor Commission of the City and County of Honolulu offered comments.

Your Committee finds that publicly-traded companies are subject to oversight from the Securities and Exchange Commission, which imposes corporate governance, disclosure, and accountability requirements far more extensive than that imposed by the county liquor commissions. 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 counties. Requiring the identification and personal history information of those officers to be submitted to the county liquor commissions does not further regulatory oversight over licensees and applicants. Your Committee also finds that since corporate ownership structures frequently contain classes of stock that are non-voting, it is reasonable from a regulatory standpoint to specify that if a licensee is a corporation, only changes of ownership in outstanding voting capital stock should determine whether a change in ownership of stock requires the licensee to secure the advance approval of a county liquor commission.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2422 and recommends that it be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 2422	Committee Referral: EDB, CPC, JUD	Date: Feb 17, 2016
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The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	\			
2. WOODSON, Justin H. (VC)	\			
3. BELATTI, Della Au	\			
4. BROWER, Tom	\			
5. CREAGAN, Richard P.	\			
6. HAR, Sharon E.	\			
7. HASHEM, Mark J.	\			
8. KAWAKAMI, Derek S.K.	\			
9. LEE, Chris	\			
10. NAKASHIMA, Mark M.	\			
11. OSHIRO, Marcus R.	\			
12. SAN BUENAVENTURA, Joy A.	\			
13. TAKAYAMA, Gregg	\			
14. YAMANE, Ryan I.	\			
15. FUKUMOTO CHANG, Beth	\			
16. McDERMOTT, Bob	\			
TOTAL (16)	16	0	0	0

The recommendation is: Adopted Not Adopted
 If joint referral, _____ did not support recommendation.
 committee acronym(s)

Vice Chair's or designee's signature: _____