

STAND. COM. REP. NO. **2557**

Honolulu, Hawaii

**MAR 0 1 2018**

RE: S.B. No. 2613

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,  
to which was referred S.B. No. 2613 entitled:

"A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the liquor commissions to issue a new restaurant liquor license prior to the restaurant commencing operation;
- (2) Require an applicant for a new class 2 restaurant liquor license to certify that the applicant intends to and shall derive no less than thirty percent of the establishment's gross revenue from the sale of foods; and
- (3) Clarify that a class 2 restaurant liquor license is transferrable; provided that the transferee certifies that the transferee intends to and shall derive no less than thirty percent of the establishment's gross revenue from the sale of foods.

Your Committee received testimony in support of this measure from Merchant Horovitz, LLLC. Your Committee received comments on this measure from the Liquor Commission of the City and County of Honolulu.

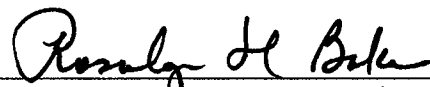


Your Committee finds that certain liquor commissions do not permit new licensees to apply directly for a restaurant license. Instead, licensees are first required to apply for a dispenser general license, which can only be upgraded after one year. This measure clarifies that new restaurant liquor licenses may be issued by the liquor commission prior to the restaurant commencing operation.

According to testimony received by your Committee, certain liquor commissions also do not allow restaurant licensee holders to transfer restaurant liquor licenses. The inability to transfer a restaurant license may negatively impact long-established operators who wish to sell their businesses. An operator may face significant loss of value to the business if the operator cannot also transfer the restaurant liquor license, as a restaurant license enables licensees to offer catering service and allow minors on premises who are not accompanied by a parent or guardian, options that may not be available to other classes of licensees. This measure therefore clarifies that a class 2 restaurant liquor license is transferrable, but retains the liquor commission's ability to downgrade a license if the licensee ultimately does not meet the thirty percent food-sales threshold required of restaurant licensees.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2613 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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



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ROSALYN H. BAKER, Chair



