

STAND. COM. REP. NO.

2556

Honolulu, Hawaii

MAR 01 2018

RE: S.B. No. 2945

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. 2945 entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR,"

begs leave to report as follows:

The purpose and intent of this measure 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, the transferor or 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.

Your Committee received testimony in support of this measure from the Office of the Mayor, County of Maui; Department of Liquor Control, County of Maui; Liquor Commission, City and County of Honolulu; Department of Liquor Control, County of Kaua'i; Maui Hotel & Lodging Association; Merchant Horovitz, LLLC; Ocean Tourism Coalition; Teralani Sailing Adventures; and one individual.

Your Committee finds that under existing law, all liquor license applicants and those renewing their licenses are required to submit tax clearances from the Hawaii Department of Taxation and the Internal Revenue Service. According to testimony received by your Committee, Hawaii is the only state in the country to

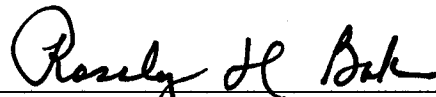


require a federal tax clearance for liquor license applications and renewals.

Your Committee further finds that the Internal Revenue Service has faced increasing budgetary and resource challenges over the past few years, which has resulted in the decrease of Internal Revenue Service offices, personnel, and operating hours in Hawaii. This has particularly impacted the County of Maui, which has one Internal Revenue Service office open one day a week, and the County of Kauai, which lacks a local Internal Revenue Service office altogether. Your Committee additionally finds that liquor licensees and applicants throughout the State have experienced increasing difficulties obtaining the necessary tax clearance from the Internal Revenue Service, with some licensees experiencing breaks in service due to the inability of the Internal Revenue Service to accommodate required face-to-face appointments with licensees. This measure therefore removes the requirement for liquor licensees and applicants and transferors or transferees to obtain a tax clearance from the Internal Revenue Service, which will eliminate the undue hardships, costs, and delays currently experienced by many liquor licensees and applicants.

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. 2945 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,



ROSALYN H. BAKER, Chair



