



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Telephone: (808) 587-4700
e-mail: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
ECONOMIC DEVELOPMENT AND BUSINESS

February 3, 2015, 9:00 AM

House Bill No. 293
RELATING TO LIQUOR LICENSES

Chair Kawakami, Vice-Chair Kong, and members of the committee, thank you for the opportunity to submit testimony on HB 293. The State Procurement Office's (SPO) comments are limited to section of the bill amending HRS §281-45(3) stating applicants may present a certificate of vendor compliance issued by the State Procurement Office.

The SPO is not in opposition of this bill, however, would like to submit comments pertaining the language in SECTION 1, page 2, lines 13 to 15.

Certificates of vendor compliance are provided by Hawaii Compliance Express (HCE) not the State Procurement Office. HCE is an electronic system that provides vendors, contractors, and service providers doing business with the state or county agencies to quickly and easily obtain proof that they are compliant with applicable laws, and charges an annual registration fee of \$12.00. The HCE certificate, "Certificate of Vendor Compliance," allows this single printable electronic certificate to be substituted for tax clearances from the State Department of Taxation and Internal Revenue Service, a DLIR Form 27 from the Department of Labor and Industrial Relations, and, if applicable, a Certificate of Good Standing from the Department of Commerce and Consumer Affairs required in HRS §103D-310(c) and HAR §3-122-112.

The HCE is operated by the State's Internet Portal Manager, Hawaii Information Consortium (HIC), a subsidiary of the National Information Consortium. The following amendment is provided for your consideration:

"(3) 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 certificate from the director of taxation and from the Internal Revenue Service or a certificate of vendor compliance issued by the [state procurement office] Hawaii Compliance Express 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 payment of

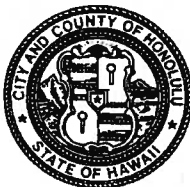
delinquent taxes in installments and that the applicant is or the transferor or transferee is, in the case of a transfer of a license, complying with the installment plan agreement;”

Public procurement’s primary objective is to satisfy the compliance requirement, Act 52/SLH 2003 and Act 211/SLH 2005, passed by the Legislature requiring vendors procuring goods, services, or construction with state and county agencies to demonstrate their compliance with all laws governing vendors doing business with the state and counties.

We request that SECTION 1, page 2, lines 13 to 15 of the bill be amended. Thank you.

**LIQUOR COMMISSION
CITY AND COUNTY OF HONOLULU**

711 KAPIOLANI BOULEVARD, SUITE 600, HONOLULU, HAWAII 96813-5249
PHONE (808) 768-7300 • FAX (808) 768-7311
INTERNET ADDRESS: www.honolulu.gov/liq • E-MAIL: liquor@honolulu.gov



KIRK CALDWELL
MAYOR

MICHAEL S. YAMAGUCHI
CHAIRMAN

WESLEY F. FONG
CO-VICE CHAIR

JOSEPH V. O'DONNELL
CO-VICE CHAIR

JOSEPH M. MAGALDI, JR.
COMMISSIONER

NARSI A. GUZON
COMMISSIONER

FRANKLIN DON PACARRO, JR.
ADMINISTRATOR

ANNA C. HIRAI
ASSISTANT ADMINISTRATOR

February 2, 2015

Representative Derek S.K. Kawakami, Chair
Representative Sam Satoru Kong, Vice Chair
Committee on Economic Development & Business

Hearing: Tuesday, February 3, 2015
9:00 a.m.; Room 312

Position: Support HB 293, Relating to Liquor Licenses


Dear Chair Kawakami, Vice Chair Kong, and Members:

The Liquor Commission, City and County of Honolulu (Commission), supports House Bill 293, Relating to Liquor Licenses.

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 (DoTax) 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 the Commission's 1,400+ 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 measure will amend Section 281-45(3), Hawaii Revised Statutes, to authorize the county liquor commissions to accept a certificate of vendor compliance issued by the state procurement office in satisfaction of the tax clearance requirement. This certificate of vendor compliance 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 those licensees who subscribe to the state procurement office's vendor compliance system.

The Liquor Commission urges your support of House Bill 293, Relating to Liquor Licenses. Thank you for the opportunity to testify.

Respectfully submitted,


FRANKLIN DON PACARRO, JR.
Administrator

FDP:ACH

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 2, 2015

Representative Derek S. K. Kawakami, Chair
Representative Sam Satoru Kong, Vice Chair
Committee on Economic Development & Business

Hearing: Tuesday, February 2, 2015
9:00 a.m.; Room 312

Position: Support HB 293 Relating to Liquor Licenses

LATE

Dear Chair Kawakami, Vice Chair Kong and Members:

The Department of Liquor Control, County of Kauai, supports House Bill 293 relating to Liquor Licenses.

Currently, a liquor license applicant is required to submit as part of its application a "signed certificate from the director of taxation and from the Internal Revenue Service" as stated in Section 281-45(3) of the Hawai'i Revised Statutes. Amending the current statute to allow the liquor departments to accept a "Certificate of Vendor Compliance" issued by the State of Hawai'i Procurement Office" is another option for our licensees & applicants.

The certificate from the State Procurement Office gives "real time" information as to whether or not the entity is in compliance with the state tax office and IRS. Currently, tax clearances which are less than 6 months old are accepted. The Department of Liquor Control, County of Kauai urges you to support House Bill 293, Relating to liquor licenses.

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

Respectfully Submitted,


GERALD T. RAPOZO