

STAND. COM. REP. NO.

1164

Honolulu, Hawaii

MAR 25 2021

RE: H.B. No. 136
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 136, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to apply liquor licensing provisions related to the transfer of licenses and the denial of licenses to limited liability companies.

Your Committee received testimony in support of this measure from the City and County of Honolulu Liquor Commission and one individual.

Your Committee finds that there are inconsistencies under existing law regarding changes in the principals of entities that hold a liquor license. Certain housekeeping amendments are needed for these provisions to ensure they are internally consistent and to conform state liquor law to modern business practices. This measure recognizes the prevalent use of limited liability companies in the State today and allows publicly traded limited liability companies to be treated the same as publicly traded corporations. This measure further grants temporary licenses or approval of a management agreement to account for certain business transactions where a closing of a sale of a hotel or other property must occur before there is time to affect the final



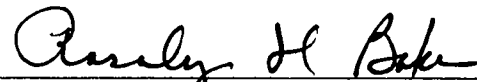
transfer of a liquor license. This measure is therefore necessary to accommodate modern business practices and permit licensees reasonable flexibility while maintaining liquor commission oversight and control.

Your Committee has amended this measure by:

- (1) Replacing the terms "fit or proper" and "unfit or improper" with the phrases "meets statutory requirements to hold a license" or "does not meet statutory requirements to hold a license", respectively, throughout the measure to establish a more objective standard;
- (2) Inserting an effective date of January 5, 2022; 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 Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 136, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 136, H.D. 1, S.D. 1, and be referred to your Committees on Judiciary and Ways and Means.

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



ROSALYN H. BAKER, Chair



