

STAND. COM. REP. NO. 3900

Honolulu, Hawaii

APR 08 2022

RE: H.B. No. 137
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committees on Judiciary and Ways and Means, to which was referred H.B. No. 137, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LIQUOR,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Provide that violations of liquor tax laws shall be referred to the Director of Taxation for investigation;
- (2) Repeal the general right of inspection without a warrant for potential violations of liquor tax laws;
- (3) Repeal the discretionary power of the liquor commissions to deny a license to any person the commission finds is not fit and proper to hold a license;
- (4) Require applications for liquor licenses to be notarized;
- (5) Provide the administrator of the liquor commission discretion over whether to refer applications for further investigation; and



- (6) Repeal the requirement that investigative reports to the liquor commissions include any and all matters that are relevant to the application or license in the judgment of the investigator.

Your Committees received testimony in support of this measure from the Honolulu Liquor Commission. Your Committees received testimony in opposition to this measure from the Tax Foundation of Hawaii and two individuals. Your Committees received comments on this measure from the Department of Taxation and Department of Budget and Fiscal Services of the City and County of Honolulu.

Your Committees find that the investigators of the Honolulu Liquor Commission do not have the training or experience in forensic accounting and lack the background to competently investigate possible violations of tax laws. Your Committees further find that there are over ninety different types of applications which often require proper forms to be submitted. Your Committees believe that removing these applications from the investigator's workload would greatly streamline the process for the applicant. This measure will allow for the timely processing of more complex licensing applications by clarifying the Department of Taxation's role while still maintaining sufficient safeguards and community considerations.

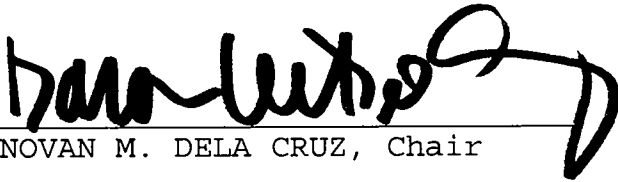
Your Committees have amended this measure by:

- (1) Deleting language that would have provided the Administrator of the Liquor Commission discretion over whether to refer applications for investigation;
- (2) Inserting an effective date of July 30, 2075, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 137, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 137, H.D. 1, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committees on Judiciary and
Ways and Means,

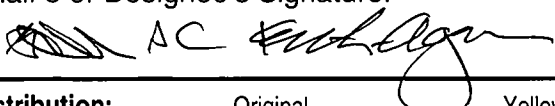

DONOVAN M. DELA CRUZ, Chair


KARL RHOADS, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 137, HD7, SD1	Committee Referral: CPN, JDC / WAM	Date: 4/5/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.				X
MISALUCHA, Bennette E.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	10			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes