



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 16, 2009

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fifth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

Re: Senate Bill No. 470 HD1 CD1

On July 15, 2009, Senate Bill No. 470, entitled "A Bill for an Act Relating to Liquor" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to make various amendments to the State's liquor laws. Included in these amendments are provisions that: 1) allow the Department of Taxation to provide tax clearances to liquor establishments for license renewals as long as these establishments enter into a payment plan for taxes owed, 2) allow the county liquor commissions to extend the deadline for making liquor license application decisions from a maximum of 30 days up to 120 days, and 3) allow the county liquor commissions to use up to ten percent of fines collected to fund public liquor-related educational and enforcement programs.

While this measure is well-intentioned, I have concerns regarding two provisions in this bill. Although I understand the economic difficulties that liquor establishments are facing as a result of the current downturn, I am concerned that this bill does not provide a means for immediately revoking a liquor license if an establishment fails to make payments to the Department of Taxation while already on an installment plan for taxes owed. Currently, contractors are able to obtain temporary tax clearances and renew their licenses as long as they enter into a payment plan with the Department of Taxation. However, their license can be promptly revoked if the contractor fails to make payments. For liquor establishments, the only way for the Department of Taxation to proceed with a liquor license revocation is to apply to the county liquor commissions for a hearing, which allows a liquor establishment to operate without paying taxes until the commission makes the decision to revoke the license.

Additionally, I am concerned that extending the deadline for making liquor license application decisions will result in longer wait times for small businesses attempting to set up an establishment that requires a liquor license. Since liquor establishments must locate and lease space prior to applying for a liquor license, it would be difficult for these businesses to continue paying rent for their establishment up to 120 days after the hearings process when they cannot start operations until a license is approved. While I understand that the original intent is to allow

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the county liquor commissions more time to evaluate establishments with complicated liquor license applications, rather than automatically denying those establishments a license, timetables should be limited to ensure licenses are granted expeditiously.

Since the intent of this measure is to help businesses struggling during these economic times, I hope the county liquor commissions will work with all stakeholders to administer this bill fairly and equitably so that the above concerns can be addressed.

For the foregoing reasons, I allowed Senate Bill No. 470 to become law as Act 184, effective July 15, 2009, without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle", with a stylized flourish at the end.

LINDA LINGLE