

CITY CLERK
HONOLULU, HAWAII

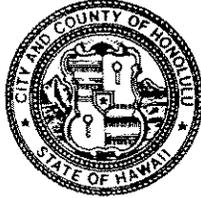
LIQUOR COMMISSION

CITY AND COUNTY OF HONOLULU

711 KAPIOLANI BOULEVARD, SUITE 600 • HONOLULU, HAWAII 96813-5249
PHONE: (808) 523-4458 • FAX: (808) 591-2700 • TOLL-FREE PHONE: 1-800-838-9976 (select "4")
E-mail address: liquor@honolulu.gov • INTERNET: www.honolulu.gov/liq

DEC 28 1 20 PM '06

MUFI HANNEMANN
MAYOR



RECEIVED

DENNIS ENOMOTO
CHAIRMAN

DANNY KIM
CO-VICE CHAIR

IRIS R. OKAWA
CO-VICE CHAIR

JON F. YAMAGUCHI
COMMISSIONER

GREGORY HAMMER
COMMISSIONER

DEWEY H. KIM, JR.
ADMINISTRATOR

December 28, 2006

The Honorable Donovan M. Dela Cruz, Chair
and Members of the City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Dela Cruz and Council Members:

In accordance with the directive contained in Resolution 05-034, FD1, the Honolulu Liquor Commission respectfully submits herewith our Rules §3-81-17.51, "License Fees," §3-81-17.58, "Trade Name; Change; Fee," §3-82-33.11, "Applications for Individual Permits to Receive Shipments of Liquor," and §3-83-54.1, "Filing Fees," of the Rules of the Liquor Commission of the City and County of Honolulu, for review by the City Council. We will be happy to provide information and answer questions about our experience with the new license fee structure when we appear before the assigned Council committee.

Should you have any questions, please contact the undersigned at 527-6280, or Assistant Administrator Anna Hirai at 527-6291.

Very truly yours,

DEWEY H. KIM, JR.
Administrator

DHKj:ach
Enclosures

APPROVED:

Handwritten signature of Wayne M. Hashiro.

Wayne M. Hashiro, P.E., Managing Director
Office of the Mayor

Dept. Com. No. 1038



RESOLUTION

TO REVIEW RULES §3-81-17.51, "LICENSE FEES," §3-81-17.58, "TRADE NAME; CHANGE; FEE," §3-82-33.11, "APPLICATIONS FOR INDIVIDUAL PERMITS TO RECEIVE SHIPMENTS OF LIQUOR," AND §3-83-54.1, "FILING FEES," OF THE RULES OF THE LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU.

WHEREAS, on November 9, 2005, the City Council of the City and County of Honolulu approved Resolution 05-034, FD1, the principal effect of which was the amendment of Rule §3-81-17.51, "License Fees," of the Rules of the Liquor Commission of the City and County of Honolulu, which increased the annual license fees imposed on liquor license holders under the jurisdiction of the Liquor Commission; and

WHEREAS, Resolution 05-034, FD1, required that the Liquor Commission resubmit the aforementioned Rules by December 31, 2006, for reconsideration by the Council, a copy of which is attached hereto as Exhibit A; and

WHEREAS, after due consideration of information provided by the Liquor Commission, the Council is satisfied that Rule §3-81-17.51, "License Fees," both provides for the Liquor Commission's projected revenue needs for the upcoming fiscal years, while not being unduly prejudicial to the interests of liquor license holders; now, therefore,

BE IT RESOLVED by the City Council of the City and County of Honolulu that the Liquor Commission has satisfactorily met the requirement of resubmission of Rules §3-81-17.51, "License Fees," §3-81-17.58, "Trade Name; Change; Fee," §3-82-33.11, "Applications for Individual Permits to Receive Shipments of Liquor," and §3-83-54.1, "Filing Fees," of the Rules of the Liquor Commission of the City and County of Honolulu; and

BE IT FINALLY RESOLVED that the City Clerk is directed to transmit certified copies of this resolution to the Director, Department of Budget and Fiscal Services, and to the Liquor Commission of the City and County of Honolulu.

INTRODUCED BY:



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. _____

RESOLUTION

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers

§3-81-17.51 License Fees.

- (a) The fees for licenses shall be per annum except where specified. In addition to the basic license fee, an additional license fee will be assessed. This additional license fee will be assessed if the gross liquor sales achieves a certain threshold (hereinafter referred to as 'deductible'). The additional license fee assessment will be calculated on the net of the gross liquor sales less a deductible. The deductible will be prorated for licenses issued during the course of the fiscal year.

***The deductible will be calculated through the following formulas:**

1) Calculation of fund balance at the end of the year

BFB = Beginning Fund Balance

LRF = License Renewals Fees collected

ALF = Additional License Fee collected

MR = Miscellaneous Revenue (Estimated = average over three years)

BUD = Budget for the current fiscal year

PEFB = Projected Ending Fund Balance

$$\text{BFB} + \text{LRF} + \text{ALF} + \text{MR} - \text{BUD} = \text{PEFB}$$

2) Calculation of Additional Fees required for the next fiscal year

BFB1 = PEFB from formula #1

LRF = License Renewals Fees (same as formula #1)

ALF1 = CALCULATED Additional License Fee

MR = Miscellaneous Revenue (same as formula #1)

BUD1 = Budget as submitted to Council for the next fiscal year

EFB1 = Ending Fund Balance (Ten percent of BUD1)

$$\text{ALF1} = \text{EFB1} + \text{BUD1} - \text{BFB1} - \text{LRF} - \text{MR}$$

3) Calculation of the DEDUCTIBLE

The gross liquor sales for each licensee will be entered into a database. The gross liquor sales will be analyzed and based on the assessment rate of the respective class and additional license fees required (ALF1), the deductible for the fiscal year will be calculated.

A maximum additional assessment fee has been established for each class. The fees for licenses based on different classes, kinds, and categories shall be as follows:

CLASS

KIND

FEES

1	Manufacturer	
	(a) Beer.....	1,320, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$2,500 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
	(b) Wine.....	\$660, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$1,200 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
	Wine manufactured from fruits grown in the State.....	\$120
	(c) Alcohol.....	\$360
	(d) Other Liquors.....	\$1,320, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$2,500 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
2	Restaurant	
	(a) General (includes all liquor, except alcohol)	
	(1) Category 1 – Standard.....	\$1,200, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(2) Category 2 – Music/Dancing.....	\$1,320, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(b) Beer & Wine	
	(1) Category 1 – Standard.....	\$900, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07;

\$25,000 in FY08 and thereafter.

(2) Category 2 – Music/Dancing.... \$960, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(c) Beer

(1) Category 1 – Standard..... \$360, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(2) Category 2 – Music/Dancing..... \$420, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

3

Wholesale

(a) General (includes all liquor except alcohol) \$2,640, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.

(b) Beer & Wine \$840, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.

(c) Alcohol \$120

4

Retail

(a) General (includes all liquor except alcohol)..... \$1,200, and one-quarter of one percent (0.0025) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$10,000 in FY07; \$15,000 in FY08 and thereafter.

	(b) Beer & Wine.....	\$900, and one-quarter of one percent (0.0025) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$10,000 in FY07; \$15,000 in FY08 and thereafter.
	(c) Alcohol.....	\$60
5	Dispenser	
	(a) General (includes all liquor, except alcohol)	
	(1) Category 1 – Standard.....	\$1,200, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(2) Category 2 – Nudity.....	\$1,440, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(3) Category 3 – Music/ Dancing.....	\$1,320, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(4) Category 4 – Hostess.....	\$1,440, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(5) Categories 3 & 4.....	\$1,500, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(6) Categories 2 & 3.....	\$1,620, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07;

	\$25,000 in FY08 and thereafter.
(7) Categories 2 & 4.....	\$1,620, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(8) Categories 2, 3 & 4.....	\$1,740, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(b) Beer & Wine	
(1) Category 1 – Standard.....	\$900, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(2) Category 3 – Music/Dancing.....	\$960, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(3) All other combinations.....	\$1,020, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(c) Beer	
(1) Category 1 - Standard.....	\$360, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
(2) Category 3 – Music/Dancing.....	\$420, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

	(3) All other combinations.....	\$540, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
6	Club.....	\$660, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$10,000 in FY06; \$13,000 in FY07; \$15,000 in FY08 and thereafter.
7	Vessel.....	\$660
8	Transient Vessel	
	(a) Per day.....	\$60
	(b) Per year.....	\$1,320
9	Tour/Cruise Vessel.....	\$900, and one-half of one percent (0.005) of four (4) times the amount of liquor purchased less a *deductible, not to exceed \$5,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.
10	Special, per day	
	(a) General (includes all liquor, except alcohol).....	\$60
	(b) Beer & Wine.....	\$40
	(c) Beer.....	\$30
11	Cabaret, General	
	(a) Category 1 - Standard.....	\$1,980, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$20,000 in FY06; \$25,000 in FY07; \$30,000 in FY08 and thereafter.
	(b) Category 2 - Nudity	\$2,400, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$20,000 in FY06; \$25,000 in

		FY07; \$30,000 in FY08 and thereafter.
12	Hotel, General.....	\$3,960, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$30,000 in FY06; \$38,000 in FY07; \$45,000 in FY08 and thereafter.
13	Caterer, General.....	\$30 per day
14	Brewpub.....	\$1,680, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$25,000 in FY06; \$33,000 in FY07; \$40,000 in FY08 and thereafter.
15	Temporary.....	\$275 for an initial period of one hundred twenty (120) days or any part of the period the license was in use, and the current rate of assessment of the respective license class of the license applied to the total gross liquor sales.

The fee for renewal of such license shall be \$275 for the renewal period or any part of the period the license is in use, and the current rate of assessment of the respective license class of the license applied to the total gross liquor sales.

(b) Solicitors' and Representatives' Permits. The fees for solicitors' and representatives' permits shall be for each license year (commencing on July 1 and ending on the succeeding June 30) and shall be in the following amounts: General, \$140; Beer and Wine, \$85; Alcohol, \$6.

§3-81-17.58 Trade Name; Change; Fee.

A new licensee or transferee shall have a choice of trade name, however, any trade name must be registered with the State Department of Commerce and Consumer Affairs. Any current or pending licensee desiring to change an existing or previous trade name shall submit to the Commission a Certificate of Registration of Trade Name issued by the State Department of Commerce and Consumer Affairs, showing approval of that registration. A processing fee of \$30.00 shall be assessed by the Commission for any change of existing trade name to include a license transfer.

§3-82-33.11 Applications for Individual Permits to Receive Shipments of Liquor.

(a) Any person twenty-one (21) years of age or older may apply to the Commission, on the form prescribed by the Commission and upon payment of a permit fee of \$12.00, for a permit to receive a shipment of liquor from outside the State, within the limits allowed by Chapter 281, Hawaii Revised Statutes.

(b) The application form shall include the following information:

- (1) A description of the liquor as to type, brand or trade name, domestic or imported and quantity.
- (2) Whether the liquor is an unsolicited gift unavailable in the State, or part of the applicant's household goods.

§3-83-54.1 Filing Fees.

A filing fee of \$250 shall be paid with an application for a new license or the transfer of an existing license, as required by Section 281-54, Hawaii Revised Statutes. The filing fee shall be applied to the payment of the license fee required by Rule 17.5-2 where the license is granted and shall become a realization of the City where the license is denied or the application is withdrawn.



RESOLUTION

TO AMEND §3-81-17.51 (RULE 17.5-1), §3-81-17.58 (RULE 17.5-8), §3-82-33.11 (RULE 33.1-1), AND §3-83-54.1 (RULE 54-1), RULES OF THE LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU, RELATING TO INCREASING LIQUOR LICENSE, TRADE NAME CHANGE, PERMIT, AND FILING FEES, AND PROVIDING FOR AN EFFECTIVE DATE OF JULY 1, 2005, OR AS SOON THEREAFTER AS PRACTICABLE.

WHEREAS, Section 281-17.5, Hawaii Revised Statutes, as amended, relating to liquor license fee changes, mandates that any change in liquor license fees shall be initiated by the Liquor Commission of the City and County of Honolulu with the approval of the City Council and the Mayor of the City and County of Honolulu; and

WHEREAS, the Liquor Commission is a fiscally self-sustaining City agency whose sole source of moneys for its operations is liquor license fees collected from liquor license holders under its jurisdiction; and

WHEREAS, the Liquor Commission last amended its liquor license fees in 1997; and

WHEREAS, despite reasonable management of its expenditures, the Liquor Commission will have insufficient funds to maintain expected levels of service and operational presence absent a license fee increase in Fiscal Year 2006; and

WHEREAS, the Liquor Commission of the City and County of Honolulu, after proper notice to all licensees affected by the rules and the public, held a public hearing on March 9, 2004, and subsequently adopted amendments to Rules 17.5-1, "License Fees" ("Amended License Fees"), 17.5-8, "Trade Name; Change; Fee," 33.1-1, "Applications for Individual Permits to Receive Shipments of Liquor," and 54-1, "Filing Fees," of the Rules of the Liquor Commission of the City and County of Honolulu (collectively, "Amended Fee Rules") on March 18, 2004; and

WHEREAS, the Amended Fee Rules, as Resolution 05-034, came before the Council Budget Committee on February 9, 2005 for public hearing, which was attended by three representatives of the liquor wholesale and retail industries; and

WHEREAS, said representatives conceded that the Liquor Commission had demonstrated the need for a license fee increase, but testified in opposition to the magnitude of the proposed increase; and



RESOLUTION

WHEREAS, the Council Budget Committee, having duly considered all of the evidence and reports offered at said public hearing, recommended that action on Resolution 05-034 be deferred, with the directive that the Liquor Commission reconsider the amount of the proposed Amended License Fees, and the feasibility of implementing the license fee increase on a staggered basis; and

WHEREAS, on February 18 and 22, 2005, the Liquor Commission met with representatives of the Wholesale Dealer, Retail Dealer, Dispenser, and Hotel liquor license classes, to discuss alternatives to the amount of the proposed Amended License Fees; and

WHEREAS, as a result of said discussions, the Liquor Commission has addressed the industry's concerns regarding the magnitude and timing of the proposed license fee increase by revising the Amended License Fees in the following particulars:

1. To retain the increased basic license fees as proposed and presented to the Budget Committee at the February 9, 2005 public hearing;
2. To reduce the amount of the Liquor Commission's fund balance reserve, as permitted by Section 281-17.5(e), Hawaii Revised Statutes, as amended, as calculated in its formula to determine the "deductible" from 20 percent to 10 percent; and

WHEREAS, as a result of the further refinement to the proposed amended license fee structure, the Liquor Commission has determined the necessity of eliminating, for "maximum fee" purposes, the price differential among "General" (includes all liquors), "Beer and Wine", and "Beer" liquor license kinds; and

WHEREAS, as a result of the further refinement to the proposed amended license fee structure, the Liquor Commission has determined the necessity of eliminating the three-year declining "deductible" for the Wholesale Dealer and Hotel liquor license classes, as originally proposed and presented to the Budget Committee at the February 9, 2005 public hearing (the foregoing revisions to the proposed amended license fee structure hereinafter collectively referred to as "Proposed CD 1"); and

WHEREAS, Proposed CD 1 came before the Council Budget Committee on March 23, 2005 for public hearing, which was not attended by any licensee or industry representative; and



RESOLUTION

WHEREAS, the Council Budget Committee, having duly considered all of the evidence and reports offered at said public hearing, recommended that action on Resolution 05-034 be deferred to the April 27, 2005 scheduled hearing, with the directive that the Liquor Commission provide notice to all licensees of the April 27th hearing date, provide additional information justifying the need and reasonableness of the proposed fee increase, and to await release of the City Auditor's Audit Report of Selected Management Issues; and

WHEREAS, the City Auditor's Audit Report of Selected Management Issues was released on or around April 13, 2005, which contained, among other things, a directive to Commission administration to make every effort to secure additional revenues to fund vacancy fills and other operational improvements; and

WHEREAS, on April 19, 2005, the Liquor Commission met with representatives of the Wholesale Dealer – General liquor license class to discuss the ramifications of Proposed CD 1 to Wholesale Dealer – General and – Beer & Wine licensees, and specifically whether further reduction to the Wholesale Dealer "maximum fee" could be effected; and

WHEREAS, prior to the April 27, 2005 scheduled hearing, the Liquor Commission provided the requested notice to all licensees and additional information justifying the need and reasonableness of the proposed fee increase; and

WHEREAS, Proposed CD 1 came before the Council Budget Committee on April 27, 2005 for public hearing, at which hearing both licensees and industry representatives gave testimony in favor of and against the proposed fee increase; and

WHEREAS, the Council Budget Committee, having duly considered all of the evidence and reports offered at said public hearing, recommended that action on Resolution 05-034 be deferred to the May 18, 2005 scheduled hearing, with the directive that the Liquor Commission cure certain procedural deficiencies related to Commission approval of, and public hearing for, the modifications contained in Proposed CD1, and to determine whether further modifications to the size of the proposed fee increase were warranted; and

WHEREAS, the Liquor Commission has addressed the concern regarding the size of the proposed fee increase by reducing the "maximum fee" to be paid by Wholesale Dealer class licensees in Fiscal Year 2008 to \$10,000, which modification, and the modifications contained in Proposed CD 1 (the foregoing modifications hereinafter collectively referred to as "Proposed CD 1, Amended"), were approved by the Commission at its May 12, 2005 scheduled hearing, with public hearing on the



RESOLUTION

Proposed CD 1, Amended, scheduled for July 12, 2005, with notice of said public hearing provided to all licensees by mail; and

WHEREAS, Proposed CD 1, Amended, came before the Commission on July 12, 2005 for public hearing, which hearing was attended by one licensee, who testified in opposition to the proposed fee increase, and one industry representative, who did not support the proposed fee increase but testified as to the acceptability of the fee increases for food industry and retail dealer members; and

WHEREAS, the Commission, having duly considered all of the testimony offered at said public hearing, unanimously voted to approve the modifications to the proposed fee increase contained in Proposed CD 1, Amended, following the conclusion of said public hearing; and

WHEREAS, Proposed CD 1, Amended, came before the Council Budget Committee on October 5, 2005 and October 26, 2005 for public hearing, at which public hearings the Council Budget Committee directed that clarifying language be added to the formula contained in the Proposed CD 1, Amended, to more specifically describe the term "budget" contained in the definition of "BUD1" in the formula; and

WHEREAS, by letter dated November 4, 2005, Corporation Counsel opined that the inclusion of such clarifying language to the definition of "BUD1" in the formula did not constitute a substantial change that would require the return to public hearing; and

WHEREAS, the Liquor Commission has satisfactorily addressed the issues raised and directives given at the March 23, 2005, April 27, 2005, and October 26, 2005 public hearings; and

WHEREAS, the Council believes that the Liquor Commission has adequately addressed the requirements of Section 281-17.5, Hawaii Revised Statutes, as amended, the Liquor Commission's projected revenue needs for the upcoming fiscal years, and the concerns of liquor license holders as to the magnitude and timing of the proposed license fee increase; now, therefore,

BE IT RESOLVED by the City Council of the City and County of Honolulu that §3-81-17.51 (Rule 17.5-1), §3-81-17.58 (Rule 17.5-8), §3-82-33.11 (Rule 33.1-1), and §3-83-54.1 (Rule 54-1) of the Rules of the Liquor Commission of the City and County of Honolulu adopted by the Liquor Commission of the City and County of Honolulu on March 18, 2004, May 12, 2005, and July 12, 2005, with those modifications to §3-81-17.51 (Rule 17.5-1) as described herein and as shown in the Exhibit A attached hereto,



RESOLUTION

be and they are hereby approved, with an effective date of July 1, 2005, or as soon thereafter as practicable; and

BE IT FURTHER RESOLVED that the adoption of these rules are conditioned upon the Liquor Commission's resubmittal of the rules by December 31, 2006 for reconsideration by the Council; and

BE IT FINALLY RESOLVED that the City Clerk is directed to transmit certified copies of the resolution to the Director, Department of Budget and Fiscal Services, and to the Liquor Commission of the City and County of Honolulu.

INTRODUCED BY:

Donovan Dela Cruz (BR)

DATE OF INTRODUCTION:

February 3, 2005

Honolulu, Hawaii

Councilmembers

EXHIBIT A

§3-81-17.51 License Fees.

- (a) The fees for licenses shall be per annum except where specified. In addition to the basic license fee, an additional license fee will be assessed. This additional license fee will be assessed if the gross liquor sales achieves a certain threshold (hereinafter referred to as 'deductible'). The additional license fee assessment will be calculated on the net of the gross liquor sales less a deductible. The deductible will be prorated for licenses issued during the course of the fiscal year.

***The deductible will be calculated through the following formulas:**

1) Calculation of fund balance at the end of the year

BFB = Beginning Fund Balance

LRF = License Renewals Fees collected

ALF = Additional License Fee collected

MR = Miscellaneous Revenue (Estimated = average over three years)

BUD = Budget for the current fiscal year

PEFB = Projected Ending Fund Balance

$$\text{BFB} + \text{LRF} + \text{ALF} + \text{MR} - \text{BUD} = \text{PEFB}$$

2) Calculation of Additional Fees required for the next fiscal year

BFB1 = PEFB from formula #1

LRF = License Renewals Fees (same as formula #1)

ALF1 = CALCULATED Additional License Fee

MR = Miscellaneous Revenue (same as formula #1)

BUD1 = Budget as submitted to Council for the next fiscal year

EFB1 = Ending Fund Balance (Ten percent of BUD1)

$$\text{ALF1} = \text{EFB1} + \text{BUD1} - \text{BFB1} - \text{LRF} - \text{MR}$$

3) Calculation of the DEDUCTIBLE

The gross liquor sales for each licensee will be entered into a database. The gross liquor sales will be analyzed and based on the assessment rate of the respective class and additional license fees required (ALF1), the deductible for the fiscal year will be calculated.

A maximum additional assessment fee has been established for each class. The fees for licenses based on different classes, kinds, and categories shall be as follows:

<u>CLASS</u>	<u>KIND</u>	<u>FEES</u>
1	Manufacturer	
	(a) Beer.....	1,320, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$2,500 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
	(b) Wine.....	\$660, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$1,200 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
	Wine manufactured from fruits grown in the State.....	\$120
	(c) Alcohol.....	\$360
	(d) Other Liquors.....	\$1,320, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$2,500 in FY06; \$4,000 in FY07; \$5,000 in FY08 and thereafter.
2	Restaurant	
	(a) General (includes all liquor, except alcohol)	
	(1) Category 1 – Standard.....	\$1,200, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(2) Category 2 – Music/Dancing.....	\$1,320, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
	(b) Beer & Wine	
	(1) Category 1 – Standard.....	\$900, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07;

\$25,000 in FY08 and thereafter.

(2) Category 2 – Music/Dancing.... \$960, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(c) Beer

(1) Category 1 – Standard..... \$360, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

(2) Category 2 – Music/Dancing..... \$420, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

3

Wholesale

(a) General (includes all liquor except alcohol) \$2,640, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.

(b) Beer & Wine \$840, and one-tenth of one percent (0.001) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.

(c) Alcohol \$120

4

Retail

(a) General (includes all liquor except alcohol)..... \$1,200, and one-quarter of one percent (0.0025) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$10,000 in FY07; \$15,000 in FY08 and thereafter.

- (b) Beer & Wine..... \$900, and one-quarter of one percent (0.0025) of the total gross liquor sales less a *deductible, not to exceed \$4,000 in FY06; \$10,000 in FY07; \$15,000 in FY08 and thereafter.
- (c) Alcohol..... \$60

5

Dispenser

(a) General (includes all liquor, except alcohol)

- (1) Category 1 – Standard..... \$1,200, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (2) Category 2 – Nudity..... \$1,440, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (3) Category 3 – Music/ Dancing..... \$1,320, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (4) Category 4 – Hostess..... \$1,440, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (5) Categories 3 & 4..... \$1,500, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (6) Categories 2 & 3..... \$1,620, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07;

- \$25,000 in FY08 and thereafter.
- (7) Categories 2 & 4..... \$1,620, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (8) Categories 2, 3 & 4..... \$1,740, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (b) Beer & Wine
- (1) Category 1 – Standard..... \$900, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (2) Category 3 – Music/Dancing..... \$960, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (3) All other combinations..... \$1,020, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (c) Beer
- (1) Category 1 - Standard..... \$360, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
- (2) Category 3 – Music/Dancing..... \$420, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.

	(3) All other combinations.....	\$540, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$15,000 in FY06; \$20,000 in FY07; \$25,000 in FY08 and thereafter.
6	Club.....	\$660, and one-half of one percent (0.005) of the total gross liquor sales less a *deductible, not to exceed \$10,000 in FY06; \$13,000 in FY07; \$15,000 in FY08 and thereafter.
7	Vessel.....	\$660
8	Transient Vessel	
	(a) Per day.....	\$60
	(b) Per year.....	\$1,320
9	Tour/Cruise Vessel.....	\$900, and one-half of one percent (0.005) of four (4) times the amount of liquor purchased less a *deductible, not to exceed \$5,000 in FY06; \$8,000 in FY07; \$10,000 in FY08 and thereafter.
10	Special, per day	
	(a) General (includes all liquor, except alcohol).....	\$60
	(b) Beer & Wine.....	\$40
	(c) Beer.....	\$30
11	Cabaret, General	
	(a) Category 1 - Standard.....	\$1,980, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$20,000 in FY06; \$25,000 in FY07; \$30,000 in FY08 and thereafter.
	(b) Category 2 - Nudity	\$2,400, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$20,000 in FY06; \$25,000 in

		FY07; \$30,000 in FY08 and thereafter.
12	Hotel, General.....	\$3,960, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$30,000 in FY06; \$38,000 in FY07; \$45,000 in FY08 and thereafter.
13	Caterer, General.....	\$30 per day
14	Brewpub.....	\$1,680, and three-fourths of one percent (0.0075) of the total gross liquor sales less a *deductible, not to exceed \$25,000 in FY06; \$33,000 in FY07; \$40,000 in FY08 and thereafter.
15	Temporary.....	\$275 for an initial period of one hundred twenty (120) days or any part of the period the license was in use, and the current rate of assessment of the respective license class of the license applied to the total gross liquor sales.
		The fee for renewal of such license shall be \$275 for the renewal period or any part of the period the license is in use, and the current rate of assessment of the respective license class of the license applied to the total gross liquor sales.

(b) Solicitors' and Representatives' Permits. The fees for solicitors' and representatives' permits shall be for each license year (commencing on July 1 and ending on the succeeding June 30) and shall be in the following amounts: General, \$140; Beer and Wine, \$85; Alcohol, \$6.

§3-81-17.58 Trade Name; Change; Fee.

A new licensee or transferee shall have a choice of trade name, however, any trade name must be registered with the State Department of Commerce and Consumer Affairs. Any current or pending licensee desiring to change an existing or previous trade name shall submit to the Commission a Certificate of Registration of Trade Name issued by the State Department of Commerce and Consumer Affairs, showing approval of that registration. A processing fee of \$30.00 shall be assessed by the Commission for any change of existing trade name to include a license transfer.

§3-82-33.11 Applications for Individual Permits to Receive Shipments of Liquor.

(a) Any person twenty-one (21) years of age or older may apply to the Commission, on the form prescribed by the Commission and upon payment of a permit fee of \$12.00, for a permit to receive a shipment of liquor from outside the State, within the limits allowed by Chapter 281, Hawaii Revised Statutes.

(b) The application form shall include the following information:

- (1) A description of the liquor as to type, brand or trade name, domestic or imported and quantity.
- (2) Whether the liquor is an unsolicited gift unavailable in the State, or part of the applicant's household goods.

§3-83-54.1 Filing Fees.

A filing fee of \$250 shall be paid with an application for a new license or the transfer of an existing license, as required by Section 281-54, Hawaii Revised Statutes. The filing fee shall be applied to the payment of the license fee required by Rule 17.5-2 where the license is granted and shall become a realization of the City where the license is denied or the application is withdrawn.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 05-034, FD1

Introduced: 2/3/05 By: DONOVAN DELA CRUZ (BY REQUEST)

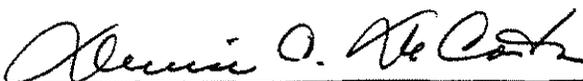
Committee: BUDGET

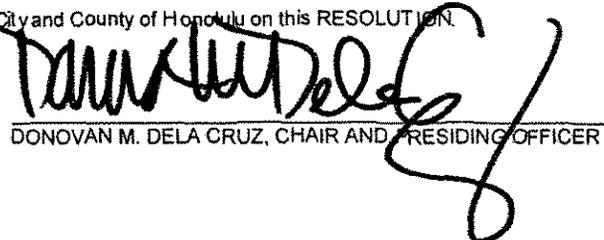
Title: RESOLUTION TO AMEND RULES 17.5-1, 17.5-8, 33.1-1, AND 54-1, RULES OF THE LIQUOR COMMISSION OF THE CITY AND COUNTY OF HONOLULU, RELATING TO INCREASING LIQUOR LICENSE, TRADE NAME CHANGE PERMIT, AND FILING FEES AND PROVIDING FOR AN EFFECTIVE DATE OF JULY 1, 2005, OR AS SOON THEREAFTER AS PRACTICABLE.

Links: RES-05-034
D-47

Budget	2/9/05	Resolution deferred in Committee.
Budget	3/23/05	Resolution deferred in Committee.
Budget	4/27/05	Resolution deferred in Committee.
Budget	8/31/05	Resolution deferred in Committee.
Budget	10/5/05	Resolution deferred in Committee.
Budget	10/26/05	CR-485 – Resolution reported out of committee for adoption.
Council	11/9/05	CR-485 adopted. Resolution amended to FD1 on the Council floor and subsequently adopted, as amended (Resolution 05-034, FD1) Apo Y Cachola..... Y Dela Cruz... Y Djou N Garcia..... Y Kobayashi..... Y Marshall Y Okino..... Y Tam..... Y

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


DENISE C. DE COSTA, CITY CLERK


DONOVAN M. DELA CRUZ, CHAIR AND PRESIDING OFFICER