



By Dennis Oda, Star-Bulletin
An apprehensive Sandy Hartzell, left, owner of Club Sandy, and Kim Sa Burge, owner of Misty II Lounge, outside the House Finance Committee conference room yesterday waiting to testify.

Testimony runs strongly against hostess-bar tax hike

**The bill is criticized as discriminatory
and possibly unconstitutional**

By Mike Yuen
Star-Bulletin



Why, Kim Sa Burge wondered, are state lawmakers picking on her and other owners of hostess bars or cabarets?

There's no way she and other club owners can absorb a 150 percent tax increase on their gross revenues -- from 4 percent to 10 percent -- that the Senate is urging.

"That's way too high," she lamented. "We already pay our fair share of taxes, for a liquor license, for salaries, for workers' comp.

"And now times are tough. Business is very slow. I'm hardly making any money," said Burge, the owner of the Misty II Lounge, a strip joint and hostess bar.

Yesterday, less than 24 hours after learning that the House Finance Committee was holding a hearing on the Senate bill, Burge rushed to the state Capitol with a friend, Sandy Hartzell, owner of Club Sandy, in tow.



Also at the hearing were the female owners of Clubs Rock-Za, Femme Nu and Mirage, who paid attorney Marie "Toni" Sheldon to testify on their behalf.

With the exception of technical comments by Tax Director Ray Kamikawa, testimony -- also from Liquor Dispensers of Hawaii, World Cafe and the Wave Waikiki -- was overwhelmingly against the measure.

House Finance Chairman Calvin Say (D, Palolo) deferred a decision on the bill. But a number of committee members said they were unenthusiastic about the Senate's proposal.

Their greatest concern: The proposal appears to be unconstitutional in singling out specific types of liquor licensees for a significantly higher tax rate that could force many to close.

"This is a selective strike against small businesses," asserted House minority leader Gene Ward (R, Hahaione Valley).

"They may not have the same flavor, but they have the same rights and privileges and and they've got to be protected."

Sheldon, a minority member of the state commission that recommended the legalization of same-sex marriages, testified that the Senate is attempting to "legislate morality" with its hostess bar tax but not with homosexual unions.

"As proposed, this bill unfairly discriminates against and penalizes legitimate businesses solely on the basis of the type of entertainment they are legally, and at a significant monetary expense, licensed to provide," Sheldon said.

Burge did not testify because others had made the points that she would have stressed.

But she said in an interview that the bill is also discriminatory because it would target Korean and Vietnamese women who own nearly all of the hostess bars in Hawaii, said Burge, whose ancestry is Vietnamese.

Kamikawa testified that the tax-hike proposal would raise \$3.1 million in additional tax revenue from

177 bars with hostesses or exotic dancers and \$2.7 million from 40 cabarets, including seven with nude entertainment, if there is "maximum compliance."

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