

1 "Department" means the department of business, economic
2 development, and tourism.

3 "License" means any license applied for or issued by the
4 department under this chapter, including but not limited to:

5 (1) A sports wagering operator license under section -5
6 to permit a sports wagering operator to operate sports
7 wagering through an approved mobile application or
8 other digital platform that involves, at least in
9 part, the use of the Internet; and

10 (2) A sports wagering supplier license under section -6
11 to sell goods and services to be used in connection
12 with sports wagering but not to directly accept
13 wagers.

14 "National criminal history background check system" means
15 the criminal history record system maintained by the Federal
16 Bureau of Investigation based on fingerprint identification or
17 any other method of positive identification.

18 "Professional sports or athletic event" means an event at
19 which two or more contestants participate in a sports event or
20 athletic event and one or more participants receive
21 compensation.



1 "Qualified gaming entity" means an entity that offers
2 sports wagering through computers, mobile applications, or
3 digital platforms in no less than three jurisdictions in the
4 United States pursuant to a state regulatory structure.

5 "Sports wagering" means the business of accepting wagers on
6 wagering events or portions of wagering events, the individual
7 performance statistics of individuals in wagering events, or a
8 combination of any of the same by any system or method of
9 wagering approved by the department via a sports wagering
10 operator licensee's mobile applications and digital platforms
11 that use communications technology to accept wagers. "Sports
12 wagering" includes but is not limited to single-game bets,
13 teaser bets, parlays, over-under, moneyline, pools, exchange
14 wagering, in-game wagering, in-play bets, proposition bets, and
15 straight bets. "Sports wagering" does not include fantasy
16 contests in which the winning outcome reflects the relative
17 knowledge and skill of the participants and is determined
18 predominantly by the accumulated statistical results of the
19 performance of athletes or individuals in an actual event.

20 "Sports wagering account" means a financial record
21 established by a sports wagering operator for an individual



1 patron in which the patron may deposit and withdraw funds for
2 sports wagering and other authorized purchases and to which the
3 licensed sports wagering operator may credit winnings or other
4 amounts due to that patron or authorized by that patron. A
5 sports wagering account may be established electronically
6 through an approved mobile application or digital platform.

7 "Sports wagering operator" means a sports wagering operator
8 licensee pursuant to section -5.

9 "Sports wagering supplier" means a person that provides
10 geolocation and know your customer services to a sports wagering
11 operator.

12 "Wager" means a sum of money or thing of value risked on an
13 uncertain occurrence.

14 "Wagering event" means any professional sports or athletic
15 event, collegiate sports or athletic event, or amateur sports or
16 athletic event, including but not limited to an Olympic or
17 international sports or athletic event; a motor vehicle race;
18 electronic sports event, also known as e-sports; and any other
19 event as permitted by the department.

20 **§ -2 Authorization of sports wagering; license required.**

21 (a) Notwithstanding any law to the contrary, sports wagering



1 and ancillary activities shall be lawful when conducted in
2 accordance with this chapter and rules adopted under this
3 chapter.

4 (b) No person or entity shall engage in any activities in
5 the State that require a license under this chapter unless all
6 necessary licenses have been obtained in accordance with this
7 chapter and rules adopted under this chapter.

8 § -3 **Application; criminal history record check.** (a)

9 An application for a license or for renewal of a license
10 required under this chapter shall be submitted on an application
11 form as prescribed by the department. An application submitted
12 to the department shall include the following:

- 13 (1) The full name, current address, and contact
14 information of the applicant;
- 15 (2) Disclosure of each person that has control of the
16 applicant as described in subsection (b);
- 17 (3) Consent to permit the department to conduct a criminal
18 history record check, in accordance with subsection
19 (c), of the applicant and each person disclosed under
20 subsection (b) (2), in accordance with procedures
21 established by the department;



- 1 (4) For the applicant and each person disclosed under
2 subsection (b) (2), a record of previous issuances and
3 denials of a gambling-related license or application
4 in the State or in any other jurisdiction;
- 5 (5) For a sports wagering operator applicant, proof that
6 the sports wagering system, or equipment, systems, or
7 services provided by the sports wagering supplier, has
8 been tested and certified for use in another United
9 States jurisdiction by an independent testing
10 laboratory; and
- 11 (6) Any other information that the department may require
12 by rule.
- 13 (b) The following persons shall be considered to have
14 control of an applicant or a licensee:
- 15 (1) Each corporate holding company, parent company, or
16 subsidiary company of a corporate applicant or
17 licensee and each person who owns fifteen per cent or
18 more of the corporate applicant or licensee and who
19 has the ability to control the activities of the
20 corporate applicant or licensee or elect a majority of
21 the board of directors of that corporate applicant or



1 licensee, except for a bank or other licensed lending
2 institution that holds a mortgage or other lien
3 acquired in the ordinary course of business;

4 (2) Each person associated with a noncorporate applicant
5 or licensee that directly or indirectly holds a
6 beneficial or proprietary interest in the noncorporate
7 applicant's or licensee's business operation or that
8 the department otherwise determines has the ability to
9 control the noncorporate applicant or licensee; and

10 (3) Any executive, employee, or agent of an applicant or
11 licensee who has ultimate decision-making authority
12 over the conduct of the applicant's or licensee's
13 sports wagering operations in the State.

14 (c) The department shall request a criminal history record
15 check in the form the department requires and submit
16 fingerprints for a national criminal records check against the
17 national criminal history background check system. The
18 fingerprints shall be furnished by all persons required to be
19 named in the application and shall be accompanied by a signed
20 authorization for the release of information by a law
21 enforcement agency in the State and the Federal Bureau of



1 Investigation; provided that an individual who has submitted to
2 a criminal history record check in the State or any other state
3 within the previous twelve months shall not be required to
4 submit to another criminal history record check; provided
5 further that the person shall submit the results of the previous
6 criminal history record check to the department and affirm that
7 there has been no material change in the individual's criminal
8 history since the time of the previous criminal history record
9 check.

10 (d) A person licensed under this chapter shall give the
11 department written notice within thirty days of any material
12 change to any information provided in the licensee's application
13 for a license or renewal, including any change in the identity
14 of persons considered to have control of the licensee under
15 subsection (b).

16 (e) The department shall keep all information, records,
17 interviews, reports, statements, memoranda, or other data
18 supplied to or used by the department in the course of its
19 review or investigation of an applicant for a sports wagering
20 operator license confidential. The department shall also keep
21 confidential any trade secret, proprietary information,



1 confidential commercial information, or confidential financial
2 information pertaining to any applicant or licensee.

3 § -4 Denial of license; reprimand, suspension, and
4 **revocation.** The department may deny a license to any applicant,
5 reprimand any licensee, or suspend or revoke a license if:

6 (1) The applicant or licensee has knowingly made a false
7 statement of material fact to the department;

8 (2) The applicant or licensee has intentionally not
9 disclosed the existence or identity of other persons
10 that have control of the applicant or licensee as
11 required by section -3;

12 (3) The applicant or licensee has had a license revoked by
13 any government authority responsible for regulation of
14 gambling or gaming activities;

15 (4) The applicant has been convicted of a crime of moral
16 turpitude, gambling-related offense, theft or fraud
17 offense, or has otherwise demonstrated, either by a
18 police record or other satisfactory evidence, a lack
19 of respect for law and order;

20 (5) The applicant or licensee has not demonstrated to the
21 satisfaction of the department financial



1 responsibility sufficient to adequately meet the
2 requirements of the licensed business or proposed
3 business; or

4 (6) An applicant has not met the requirements of this
5 section or any other provision of this chapter.

6 § -5 Sports wagering operator license; issuance; fees;
7 term of license; temporary license. (a) The department shall
8 issue a sports wagering operator license to an applicant that
9 meets all requirements of this section, section -3, and rules
10 adopted under this chapter and that has not violated any
11 provision of this chapter; provided that this section shall not
12 be interpreted to direct the department to license an
13 unqualified applicant. The department shall establish a process
14 that ensures an equal opportunity for sports wagering operators
15 that submitted an application within thirty days of applications
16 first being accepted by the department to first commence
17 offering, conducting, and operating sports wagering on the same
18 day.

19 (b) Only a qualified gaming entity shall be eligible to
20 apply for a sports wagering operator license.



1 (c) A sports wagering operator license granted by the
2 department pursuant to this section shall grant a licensee the
3 lawful authority to conduct sports wagering through a mobile
4 application or digital platform approved by the department and
5 any rules adopted under this chapter.

6 (d) The fee for an initial or renewal sports wagering
7 operator license shall be \$; provided that the fee
8 shall be retained by the department for the costs of
9 administering this chapter. In addition to the license fee, the
10 department may charge a processing fee for an initial or renewal
11 sports wagering operator license in an amount equal to the
12 projected cost of processing the application and performing any
13 background investigations. If the actual cost exceeds the
14 projected cost, an additional fee may be charged to meet the
15 actual cost; provided that if the projected cost exceeds the
16 actual cost, the difference may be refunded to the applicant or
17 licensee.

18 (e) Except as provided in subsection (f), a license
19 granted or renewed under this section shall be valid for three
20 years, unless sooner revoked by the department pursuant to
21 section -4.



1 (f) An applicant for a sports wagering operator license
2 may submit with the application a request to the department for
3 the immediate commencement of sports wagering through a
4 temporary license; provided that this request shall include the
5 initial license fee of \$ payable to the department.
6 Upon receiving a request for a temporary license, the department
7 shall review the request. If the department determines that the
8 entity requesting the temporary license is a qualified gaming
9 entity, has paid the initial license fee for a temporary
10 license, and has submitted an application for a sports wagering
11 operator license, the department shall authorize the qualified
12 gaming entity to conduct sports wagering for three years under a
13 temporary license or until a final determination on the sports
14 wagering operator's license application is made. Sports
15 wagering conducted under authority of a temporary license shall
16 comply with the sports wagering operator's house rules adopted
17 pursuant to section -7. The department shall establish a
18 process that ensures an equal opportunity for all temporary
19 licensees that submitted an application within thirty days of
20 applications first being accepted by the department to commence
21 offering, conducting, and operating sports wagering on the same



1 day, which may be before the date established for licensees that
2 are not eligible for a temporary license.

3 **§ -6 Sports wagering supplier license; issuance; fees;**
4 **term of license; temporary license.** (a) The department shall
5 issue a sports wagering supplier license upon finding that the
6 applicant meets all the requirements of this section,
7 section -3, and rules adopted under this chapter.

8 (b) An applicant for a sports wagering supplier license
9 shall demonstrate that the equipment, systems, or services that
10 the applicant plans to offer to a sports wagering operator
11 conform to standards established by the department by rule. The
12 department may accept approval by another jurisdiction that is
13 specifically determined by the department to have similar
14 equipment standards as evidence the applicant meets the
15 standards established by the department.

16 (c) A sports wagering supplier license granted by the
17 department pursuant to this section shall grant a licensee
18 lawful authority to sell or lease sports wagering equipment,
19 systems, or services to sports wagering operators in the State
20 within the terms and conditions of the license and any rules
21 adopted under this chapter.



1 (d) The fee for an initial or renewal sports wagering
2 supplier license shall be \$; provided that the fee
3 shall be retained by the department for the costs of
4 administering this chapter. In addition to the license fee, the
5 department may charge a processing fee for an initial or renewed
6 license in an amount equal to the projected cost of processing
7 the application and performing any background investigations.
8 If the actual cost exceeds the projected cost, an additional fee
9 may be charged to meet the actual cost; provided that if the
10 projected cost exceeds the actual cost, the difference may be
11 refunded to the applicant or licensee.

12 (e) Except as provided in subsection (f), a license
13 granted or renewed under this section shall be valid for three
14 years unless sooner revoked by the department under
15 section -4.

16 (f) An applicant for a sports wagering supplier license
17 may submit with the application a request for a temporary
18 license; provided that the request for a temporary license shall
19 include the initial license fee of \$. If the
20 department determines that the applicant is qualified under
21 subsection (b), meets the requirements established by rule for a



1 temporary license, and has paid the initial license fee for a
2 temporary license and the department is not aware of any reason
3 the applicant is ineligible for a license under this section,
4 the department shall issue a temporary sports wagering supplier
5 license. A temporary sports wagering supplier license issued
6 under this subsection shall be valid for three years or until a
7 final determination on the sports wagering supplier license
8 application is made, whichever is sooner. If after
9 investigation the department determines that the applicant is
10 eligible for a sports wagering supplier license under this
11 chapter, the department shall issue the initial sports wagering
12 supplier license, at which time the temporary license shall be
13 terminated.

14 § -7 **Sports wagering; house rules.** (a) A sports
15 wagering operator shall adopt comprehensive house rules for game
16 play governing sports wagering transactions with its patrons.
17 The rules shall specify the amounts to be paid on winning
18 wagers, the circumstances under which the sports wagering
19 operator will void a bet, treatment of errors, late bets and
20 related contingencies, and the effect of schedule changes. The



1 department shall approve house rules before implementation by a
2 sports wagering operator.

3 (b) The house rules, together with any other information
4 the department determines to be appropriate, shall be available
5 in the sports wagering system.

6 § -8 **Sports wagering operator; duties.** A sports
7 wagering operator shall:

8 (1) Employ a monitoring system using software to identify
9 irregularities in volume or odds swings that could
10 signal suspicious activity that requires further
11 investigation; provided that the suspicious activity
12 shall be promptly reported to and investigated by the
13 department; provided further that monitoring system
14 requirements and specifications shall be in accordance
15 with industry standards;

16 (2) Promptly report to the department any facts or
17 circumstances related to the operation of a licensee
18 that constitute a violation of state or federal law
19 and immediately report any suspicious betting over a
20 threshold amount, to be set by the sports wagering
21 operator and approved by the department;



- 1 (3) Conduct all sports wagering activities and functions
2 in a manner that does not pose a threat to the public
3 health, safety, or welfare of the residents of the
4 State;
- 5 (4) Keep current in all payments and obligations to the
6 department;
- 7 (5) Prevent any person from tampering with or interfering
8 with any sports wagering;
- 9 (6) Ensure that sports wagering occurs using only a mobile
10 application or digital platform approved by the
11 department that uses communications technology to
12 accept wagers originating in the State or in a state
13 or jurisdiction approved by the department and
14 consistent with federal law;
- 15 (7) Conspicuously display the minimum and maximum wagers
16 permitted on any mobile application or digital
17 platform used to place wagers and shall comply with
18 the same;
- 19 (8) At all times, maintain sufficient cash and other
20 supplies to conduct sports wagering;



1 (9) Maintain daily records showing the gross sports
2 wagering receipts and adjusted gross sports wagering
3 receipts of the licensee; and

4 (10) Timely file with the department any additional reports
5 required by this chapter or by rule adopted under this
6 chapter.

7 § -9 Sports wagering agreements. (a) The department
8 shall be authorized to:

9 (1) Enter into sports wagering agreements with other
10 states, territories, nations, jurisdictions,
11 governments, or other entities to accept wagers from
12 individuals located outside the State; provided that
13 entering into the sports wagering agreement shall not
14 violate state or federal law; and

15 (2) Take all necessary actions to ensure that any sports
16 wagering agreement entered into pursuant to this
17 section becomes effective.

18 (b) The department may adopt rules to implement this
19 section.

20 § -10 Acceptance of wagers; excluded persons. (a) A
21 sports wagering operator shall accept wagers on wagering events



1 only through mobile applications or digital platforms approved
2 by the department or a patron's sports wagering account using a
3 mobile application or digital platform approved by the
4 department. The branding for each mobile application or digital
5 platform shall be determined by the sports wagering operator.

6 (b) A sports wagering operator shall allow patrons to fund
7 a sports wagering account using:

8 (1) A credit or debit card;

9 (2) Bonuses or promotions;

10 (3) Electronic bank transfer;

11 (4) An online or mobile payment system that supports
12 online money transfers; and

13 (5) Any other means approved by the department.

14 (c) A person placing a wager shall be eighteen years of
15 age or older and be physically located in the State. No person
16 shall offer sports wagering at a physical location via kiosks,
17 computer terminals, or other means established for that purpose.

18 (d) A sports wagering operator may accept layoff wagers
19 placed by other sports wagering operators and may place layoff
20 wagers with other sports wagering operators as long as a sports
21 wagering operator that places a wager with another sports



1 wagering operator informs the sports wagering operator accepting
2 the wager that the wager is being placed by a sports wagering
3 operator and discloses the wagering operator's identity.

4 (e) The department or a sports wagering operator may
5 prohibit a person from placing wagers through a sports wagering
6 operator. The department shall maintain a log of all excluded
7 persons and share the log with each sports wagering operator.
8 No person on the department's exclusion list or a sports
9 wagering operator's exclusion list shall engage in sports
10 wagering under this chapter.

11 (f) No employee of a sports wagering operator shall place
12 a wager on any wagering event through a mobile application or
13 digital platform of that employee's employer.

14 § -11 **Sports wagering revenues; tax.** For the privilege
15 of holding a license to engage in sports wagering as a sports
16 wagering operator or sports wagering supplier under this
17 chapter, the tax imposed by section 237-13(9) shall be levied on
18 the licensee. The accrual method of accounting shall be used
19 for purposes of calculating the amount of the tax owed by the
20 licensee. The department shall adopt rules and develop any
21 forms necessary to carry out enforcement of this section.



1 § **-12 Civil violation.** Except as provided in
2 section -13, a violation of any provision of this chapter
3 shall be a civil violation. The department may impose a fine of
4 no more than \$5,000 on any person who violates this chapter and
5 shall not be limited to persons licensed under this chapter.

6 § **-13 Unlicensed sports wagering; penalties.** (a) Any
7 person other than a licensee under this chapter who conducts
8 sports wagering shall be subject to a fine of no more than
9 \$10,000 or a term of imprisonment of no more than ninety days,
10 or both.

11 (b) A person convicted of a second violation of subsection
12 (a) shall be subject to a fine of no more than \$50,000 or a term
13 of imprisonment of no more than six months, or both.

14 (c) A person convicted of a third or subsequent violation
15 of subsection (a) shall be subject to a fine of no less than
16 \$25,000 and no more than \$100,000 or a term of imprisonment of
17 no less than one year and no more than five years, or both.

18 § **-14 Exemption from gambling.** Sports wagering operated
19 by a sports wagering operator that is licensed under this
20 chapter and in compliance with this chapter shall not constitute
21 a gambling offense under part III of chapter 712."



1 SECTION 2. Section 237-13, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§237-13 Imposition of tax.** There is hereby levied and
4 shall be assessed and collected annually privilege taxes against
5 persons on account of their business and other activities in the
6 State measured by the application of rates against values of
7 products, gross proceeds of sales, or gross income, whichever is
8 specified, as follows:

9 (1) Tax on manufacturers.

10 (A) Upon every person engaging or continuing within
11 the State in the business of manufacturing,
12 including compounding, canning, preserving,
13 packing, printing, publishing, milling,
14 processing, refining, or preparing for sale,
15 profit, or commercial use, either directly or
16 through the activity of others, in whole or in
17 part, any article or articles, substance or
18 substances, commodity or commodities, the amount
19 of the tax to be equal to the value of the
20 articles, substances, or commodities,
21 manufactured, compounded, canned, preserved,



1 packed, printed, milled, processed, refined, or
2 prepared for sale, as shown by the gross proceeds
3 derived from the sale thereof by the manufacturer
4 or person compounding, preparing, or printing
5 them, multiplied by one-half of one per cent.

6 (B) The measure of the tax on manufacturers is the
7 value of the entire product for sale.

8 (2) Tax on business of selling tangible personal property;
9 producing.

10 (A) Upon every person engaging or continuing in the
11 business of selling any tangible personal
12 property whatsoever, there is likewise hereby
13 levied, and shall be assessed and collected, a
14 tax equivalent to four per cent of the gross
15 proceeds of sales of the business; provided that,
16 in the case of a wholesaler, the tax shall be
17 equal to one-half of one per cent of the gross
18 proceeds of sales of the business; and provided
19 further that insofar as the sale of tangible
20 personal property is a wholesale sale under
21 section 237-4(a)(8), the tax shall be one-half of



1 one per cent of the gross proceeds. Upon every
2 person engaging or continuing within this State
3 in the business of a producer, the tax shall be
4 equal to one-half of one per cent of the gross
5 proceeds of sales of the business, or the value
6 of the products, for sale.

7 (B) Gross proceeds of sales of tangible property in
8 interstate and foreign commerce shall constitute
9 a part of the measure of the tax imposed on
10 persons in the business of selling tangible
11 personal property, to the extent, under the
12 conditions, and in accordance with the provisions
13 of the Constitution of the United States and the
14 Acts of the Congress of the United States which
15 may be now in force or may be hereafter adopted,
16 and whenever there occurs in the State an
17 activity to which, under the Constitution and
18 Acts of Congress, there may be attributed gross
19 proceeds of sales, the gross proceeds shall be so
20 attributed.



- 1 (C) No manufacturer or producer, engaged in such
2 business in the State and selling the
3 manufacturer's or producer's products for
4 delivery outside of the State (for example,
5 consigned to a mainland purchaser via common
6 carrier f.o.b. Honolulu), shall be required to
7 pay the tax imposed in this chapter for the
8 privilege of so selling the products, and the
9 value or gross proceeds of sales of the products
10 shall be included only in determining the measure
11 of the tax imposed upon the manufacturer or
12 producer.
- 13 (D) A manufacturer or producer, engaged in such
14 business in the State, shall pay the tax imposed
15 in this chapter for the privilege of selling its
16 products in the State, and the value or gross
17 proceeds of sales of the products, thus subjected
18 to tax, may be deducted insofar as duplicated as
19 to the same products by the measure of the tax
20 upon the manufacturer or producer for the
21 privilege of manufacturing or producing in the



1 State; provided that no producer of agricultural
2 products who sells the products to a purchaser
3 who will process the products outside the State
4 shall be required to pay the tax imposed in this
5 chapter for the privilege of producing or selling
6 those products.

7 (E) A taxpayer selling to a federal cost-plus
8 contractor may make the election provided for by
9 paragraph (3) (C), and in that case the tax shall
10 be computed pursuant to the election,
11 notwithstanding this paragraph or paragraph (1)
12 to the contrary.

13 (F) The department, by rule, may require that a
14 seller take from the purchaser of tangible
15 personal property a certificate, in a form
16 prescribed by the department, certifying that the
17 sale is a sale at wholesale; provided that:

18 (i) Any purchaser who furnishes a certificate
19 shall be obligated to pay to the seller,
20 upon demand, the amount of the additional



1 tax that is imposed upon the seller whenever
2 the sale in fact is not at wholesale; and
3 (ii) The absence of a certificate in itself shall
4 give rise to the presumption that the sale
5 is not at wholesale unless the sales of the
6 business are exclusively at wholesale.

7 (3) Tax upon contractors.

8 (A) Upon every person engaging or continuing within
9 the State in the business of contracting, the tax
10 shall be equal to four per cent of the gross
11 income of the business.

12 (B) In computing the tax levied under this paragraph,
13 there shall be deducted from the gross income of
14 the taxpayer so much thereof as has been included
15 in the measure of the tax levied under
16 subparagraph (A), on another taxpayer who is a
17 contractor, as defined in section 237-6; provided
18 that any person claiming a deduction under this
19 paragraph shall be required to show in the
20 person's return the name and general excise



1 number of the person paying the tax on the amount
2 deducted by the person.

3 (C) In computing the tax levied under this paragraph
4 against any federal cost-plus contractor, there
5 shall be excluded from the gross income of the
6 contractor so much thereof as fulfills the
7 following requirements:

8 (i) The gross income exempted shall constitute
9 reimbursement of costs incurred for
10 materials, plant, or equipment purchased
11 from a taxpayer licensed under this chapter,
12 not exceeding the gross proceeds of sale of
13 the taxpayer on account of the transaction;
14 and

15 (ii) The taxpayer making the sale shall have
16 certified to the department that the
17 taxpayer is taxable with respect to the
18 gross proceeds of the sale, and that the
19 taxpayer elects to have the tax on gross
20 income computed the same as upon a sale to
21 the state government.



1 (D) A person who, as a business or as a part of a
2 business in which the person is engaged, erects,
3 constructs, or improves any building or
4 structure, of any kind or description, or makes,
5 constructs, or improves any road, street,
6 sidewalk, sewer, or water system, or other
7 improvements on land held by the person (whether
8 held as a leasehold, fee simple, or otherwise),
9 upon the sale or other disposition of the land or
10 improvements, even if the work was not done
11 pursuant to a contract, shall be liable to the
12 same tax as if engaged in the business of
13 contracting, unless the person shows that at the
14 time the person was engaged in making the
15 improvements the person intended, and for the
16 period of at least one year after completion of
17 the building, structure, or other improvements
18 the person continued to intend to hold and not
19 sell or otherwise dispose of the land or
20 improvements. The tax in respect of the
21 improvements shall be measured by the amount of



1 the proceeds of the sale or other disposition
2 that is attributable to the erection,
3 construction, or improvement of such building or
4 structure, or the making, constructing, or
5 improving of the road, street, sidewalk, sewer,
6 or water system, or other improvements. The
7 measure of tax in respect of the improvements
8 shall not exceed the amount which would have been
9 taxable had the work been performed by another,
10 subject as in other cases to the deductions
11 allowed by subparagraph (B). Upon the election
12 of the taxpayer, this paragraph may be applied
13 notwithstanding that the improvements were not
14 made by the taxpayer, or were not made as a
15 business or as a part of a business, or were made
16 with the intention of holding the same. However,
17 this paragraph shall not apply in respect of any
18 proceeds that constitute or are in the nature of
19 rent, which shall be taxable under paragraph (9);
20 provided that insofar as the business of renting
21 or leasing real property under a lease is taxed



1 under section 237-16.5, the tax shall be levied
2 by section 237-16.5.

3 (4) Tax upon theaters, amusements, radio broadcasting
4 stations, etc.

5 (A) Upon every person engaging or continuing within
6 the State in the business of operating a theater,
7 opera house, moving picture show, vaudeville,
8 amusement park, dance hall, skating rink, radio
9 broadcasting station, or any other place at which
10 amusements are offered to the public, the tax
11 shall be equal to four per cent of the gross
12 income of the business, and in the case of a sale
13 of an amusement at wholesale under section 237-
14 4(a)(13), the tax shall be one-half of one per
15 cent of the gross income.

16 (B) The department may require that the person
17 rendering an amusement at wholesale take from the
18 licensed seller a certificate, in a form
19 prescribed by the department, certifying that the
20 sale is a sale at wholesale; provided that:



- 1 (i) Any licensed seller who furnishes a
2 certificate shall be obligated to pay to the
3 person rendering the amusement, upon demand,
4 the amount of additional tax that is imposed
5 upon the seller whenever the sale is not at
6 wholesale; and
- 7 (ii) The absence of a certificate in itself shall
8 give rise to the presumption that the sale
9 is not at wholesale unless the person
10 rendering the sale is exclusively rendering
11 the amusement at wholesale.
- 12 (5) Tax upon sales representatives, etc. Upon every
13 person classified as a representative or purchasing
14 agent under section 237-1, engaging or continuing
15 within the State in the business of performing
16 services for another, other than as an employee, there
17 is likewise hereby levied and shall be assessed and
18 collected a tax equal to four per cent of the
19 commissions and other compensation attributable to the
20 services so rendered by the person.
- 21 (6) Tax on service business.



- 1 (A) Upon every person engaging or continuing within
2 the State in any service business or calling
3 including professional services not otherwise
4 specifically taxed under this chapter, there is
5 likewise hereby levied and shall be assessed and
6 collected a tax equal to four per cent of the
7 gross income of the business, and in the case of
8 a wholesaler under section 237-4(a)(10), the tax
9 shall be equal to one-half of one per cent of the
10 gross income of the business.
- 11 (B) The department may require that the person
12 rendering a service at wholesale take from the
13 licensed seller a certificate, in a form
14 prescribed by the department, certifying that the
15 sale is a sale at wholesale; provided that:
- 16 (i) Any licensed seller who furnishes a
17 certificate shall be obligated to pay to the
18 person rendering the service, upon demand,
19 the amount of additional tax that is imposed
20 upon the seller whenever the sale is not at
21 wholesale; and



1 (ii) The absence of a certificate in itself shall
2 give rise to the presumption that the sale
3 is not at wholesale unless the person
4 rendering the sale is exclusively rendering
5 services at wholesale.

6 (C) Where any person is engaged in the business of
7 selling interstate or foreign common carrier
8 telecommunication services within and without the
9 State, other than as a home service provider, the
10 tax shall be imposed on that portion of gross
11 income received by a person from service which is
12 originated or terminated in this State and is
13 charged to a telephone number, customer, or
14 account in this State notwithstanding any other
15 state law (except for the exemption under section
16 237-23(a)(1)) to the contrary. If, under the
17 Constitution and laws of the United States, the
18 entire gross income as determined under this
19 paragraph of a business selling interstate or
20 foreign common carrier telecommunication services
21 cannot be included in the measure of the tax, the



1 gross income shall be apportioned as provided in
2 section 237-21; provided that the apportionment
3 factor and formula shall be the same for all
4 persons providing those services in the State.
5 (D) Where any person is engaged in the business of a
6 home service provider, the tax shall be imposed
7 on the gross income received or derived from
8 providing interstate or foreign mobile
9 telecommunications services to a customer with a
10 place of primary use in this State when the
11 services originate in one state and terminate in
12 another state, territory, or foreign country;
13 provided that all charges for mobile
14 telecommunications services which are billed by
15 or for the home service provider are deemed to be
16 provided by the home service provider at the
17 customer's place of primary use, regardless of
18 where the mobile telecommunications originate,
19 terminate, or pass through; provided further that
20 the income from charges specifically derived from
21 interstate or foreign mobile telecommunications



1 services, as determined by books and records that
2 are kept in the regular course of business by the
3 home service provider in accordance with section
4 239-24, shall be apportioned under any
5 apportionment factor or formula adopted under
6 subparagraph (C). Gross income shall not
7 include:
8 (i) Gross receipts from mobile
9 telecommunications services provided to a
10 customer with a place of primary use outside
11 this State;
12 (ii) Gross receipts from mobile
13 telecommunications services that are subject
14 to the tax imposed by chapter 239;
15 (iii) Gross receipts from mobile
16 telecommunications services taxed under
17 section 237-13.8; and
18 (iv) Gross receipts of a home service provider
19 acting as a serving carrier providing mobile
20 telecommunications services to another home
21 service provider's customer.



1 For the purposes of this paragraph, "charges for
2 mobile telecommunications services", "customer",
3 "home service provider", "mobile
4 telecommunications services", "place of primary
5 use", and "serving carrier" have the same meaning
6 as in section 239-22.

7 (7) Tax on insurance producers. Upon every person engaged
8 as a licensed producer pursuant to chapter 431, there
9 is hereby levied and shall be assessed and collected a
10 tax equal to 0.15 per cent of the commissions due to
11 that activity.

12 (8) Tax on receipts of sugar benefit payments. Upon the
13 amounts received from the United States government by
14 any producer of sugar (or the producer's legal
15 representative or heirs), as defined under and by
16 virtue of the Sugar Act of 1948, as amended, or other
17 Acts of the Congress of the United States relating
18 thereto, there is hereby levied a tax of one-half of
19 one per cent of the gross amount received; provided
20 that the tax levied hereunder on any amount so
21 received and actually disbursed to another by a



1 producer in the form of a benefit payment shall be
 2 paid by the person or persons to whom the amount is
 3 actually disbursed, and the producer actually making a
 4 benefit payment to another shall be entitled to claim
 5 on the producer's return a deduction from the gross
 6 amount taxable hereunder in the sum of the amount so
 7 disbursed. The amounts taxed under this paragraph
 8 shall not be taxable under any other paragraph,
 9 subsection, or section of this chapter.

10 (9) Tax on licensed sports wagering. Upon every person
 11 engaged in sports wagering as a licensed sports
 12 wagering operator or sports wagering supplier in the
 13 State pursuant to chapter , there is hereby levied
 14 and shall be assessed and collected a tax equal
 15 to per cent of the adjusted gross sports wagering
 16 receipts and per cent of the gross receipts of a
 17 sports wagering supplier. For purposes of this
 18 paragraph, "adjusted gross sports wagering receipts"
 19 has the same meaning as in section -1.

20 [~~9~~] (10) Tax on other business. Upon every person
 21 engaging or continuing within the State in any



1 business, trade, activity, occupation, or calling not
2 included in the preceding paragraphs or any other
3 provisions of this chapter, there is likewise hereby
4 levied and shall be assessed and collected, a tax
5 equal to four per cent of the gross income thereof.
6 In addition, the rate prescribed by this paragraph
7 shall apply to a business taxable under one or more of
8 the preceding paragraphs or other provisions of this
9 chapter, as to any gross income thereof not taxed
10 thereunder as gross income or gross proceeds of sales
11 or by taxing an equivalent value of products, unless
12 specifically exempted."

13 SECTION 3. Section 712-1220, Hawaii Revised Statutes, is
14 amended by amending the definitions of "contest of chance" and
15 "gambling" to read as follows:

16 ""Contest of chance" means any contest, game, gaming
17 scheme, or gaming device in which the outcome depends in a
18 material degree upon an element of chance, notwithstanding that
19 skill of the contestants may also be a factor therein. "Contest
20 of chance" does not include sports wagering pursuant to
21 chapter _____.



1 "Gambling" [~~— A person engages in gambling if he stakes or~~
2 ~~risk~~] means staking or risking something of value upon the
3 outcome of a contest of chance or a future contingent event not
4 under [his] a person's control or influence, upon an agreement
5 or understanding that [he] the person or someone else will
6 receive something of value in the event of a certain outcome.

7 [~~Gambling~~] "Gambling" does not include [~~bona~~]:

8 (1) Bona fide business transactions valid under the law of
9 contracts, including but not limited to contracts for
10 the purchase or sale at a future date of securities or
11 commodities[~~, and agreements~~];

12 (2) Agreements to compensate for loss caused by the
13 happening of chance, including but not limited to
14 contracts of indemnity or guaranty and life, health,
15 or accident insurance[~~—~~]; and

16 (3) Sports wagering authorized pursuant to chapter _____ and
17 placing wagers on wagering events or portions of
18 wagering events, the individual performance statistics
19 of individuals in wagering events, or a combination of
20 any of the same by any system or method of wagering
21 pursuant to chapter _____."



H.B. NO. 2765

1 SECTION 4. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect on July 1, 2024.

7

INTRODUCED BY:



JAN 24 2024



H.B. NO. 2765

Report Title:

Sports Wagering; Sports Wagering Operators; Sports Wagering Suppliers; License

Description:

Allows for the regulation of sports wagering by the Department of Business, Economic Development, and Tourism. Establishes licensing requirements for sports wagering operators and sports wagering suppliers. Specifies that sports wagering shall not be considered games of chance or gambling.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

