

JAN 24 2024

A BILL FOR AN ACT

RELATING TO GAMING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that tens of thousands of
2 Hawaii residents illegally gamble using online sports and poker
3 gambling websites or cell phone apps. These gambling websites
4 often are operated offshore and are not subject to regulation or
5 taxation by the State. Questions arise about the honesty and
6 fairness of games offered to Hawaii residents, but neither
7 federal nor state laws currently provide consumer protections
8 for Hawaii residents who gamble online. Moreover, tens of
9 millions of dollars generated from online gambling are being
10 realized by offshore operators illegally serving Hawaii
11 residents, but no benefits are provided to the State.

12 To protect Hawaii residents who gamble on the internet, and
13 to capture revenues generated in Hawaii from online sports
14 wagering and poker, it is in the best interest of the State and
15 its citizens to regulate this existing activity by authorizing
16 and implementing a secure, responsible, and legal system for
17 online sports and poker wagering.



1 (6) Is a co-partner in a limited liability partnership
2 with,
3 a person who holds or applies for a gaming license under this
4 chapter.

5 "Agent" means any individual who is employed by any agency
6 of the State, other than the commission, and who is assigned to
7 perform full-time services on behalf of or for the benefit of
8 the commission, regardless of the title or position held by that
9 individual.

10 "Applicant" means any person who applies for a license
11 under this chapter.

12 "Chairperson" means the chairperson of the Hawaii gaming
13 control commission.

14 "Commission" means the Hawaii gaming control commission.

15 "Department" means the department of business, economic
16 development, and tourism.

17 "Executive director" means the executive director of the
18 commission.

19 "Financial interest" or "financially interested" means any
20 interest in investments, awarding of contracts, grants, loans,
21 purchases, leases, sales, or similar matters under consideration



1 or consummated by the commission or holding a one per cent or
2 more ownership interest in an applicant or a gaming licensee.
3 For purposes of this definition, a member, an employee, or an
4 agent of the commission shall be considered to have a financial
5 interest in a matter under consideration if any of the following
6 circumstances exist:

7 (1) The individual owns one per cent or more of any class
8 of outstanding securities that are issued by a party
9 to the matter under consideration or consummated by
10 the commission; or

11 (2) The individual is employed by or is an independent
12 contractor for a party to the matter under
13 consideration or consummated by the commission.

14 "Gaming" or "game", as the context may require, means
15 online poker and online sportsbook betting; provided that
16 sportsbook betting shall not include any game or contest
17 involving a Hawaii-based team.

18 "Gaming license" means a license to operate and maintain a
19 gaming website or other online gaming platform under this
20 chapter.

21 "Gross receipts":



- 1 (1) Means the total of:
 - 2 (A) Cash received as winnings;
 - 3 (B) Cash received in payment for credit extended by a
 - 4 licensee to a patron for purposes of gaming; and
 - 5 (C) Compensation received for conducting any game in
 - 6 which the licensee is not party to a wager; and
 - 7 (2) Does not include:
 - 8 (A) Cash taken in fraudulent acts perpetrated against
 - 9 a gaming licensee for which a gaming licensee is
 - 10 not reimbursed; and
 - 11 (B) Cash received as entry fees for contests or
 - 12 tournaments in which patrons compete for prizes.
- 13 "Individual" means a natural person.
- 14 "Institutional investor" means:
- 15 (1) Any retirement fund administered by a public agency
 - 16 for the exclusive benefit of federal, state, or county
 - 17 public employees;
 - 18 (2) An employee benefit plan, or pension fund that is
 - 19 subject to the Employee Retirement Income Security Act
 - 20 of 1974, as amended;



1 (3) An investment company registered under the Investment
2 Company Act of 1940 (54 Stat. 789, 15 U.S.C. 80a-1 to
3 80a-3 and 80a-4 to 80a-64);

4 (4) A collective investment trust organized by a bank
5 under title 12 Code of Federal Regulations
6 section 9.18 of the rules of the United States
7 Comptroller of the Currency;

8 (5) A closed-end investment trust;

9 (6) A chartered or licensed life insurance company or
10 property and casualty insurance company;

11 (7) A chartered or licensed financial institution;

12 (8) An investment advisor registered under the Investment
13 Advisers Act of 1940, (54 Stat. 847, 15 U.S.C.
14 sections 80b-1 to 80b-21 as amended); and

15 (9) Any other person as the commission may determine for
16 reasons consistent with this chapter.

17 "Investigative hearing" means any hearing conducted by the
18 commission or its authorized representative to investigate and
19 gather information or evidence regarding pending license
20 applicants, qualifiers, licensees, or alleged or apparent
21 violations of this chapter or rules adopted by the commission.



1 An investigative hearing shall include any matter related to a
2 deficiency.

3 "Occupational license" means a license issued by the
4 commission to an individual to perform an occupation relating to
5 gaming in the State that the commission has identified as an
6 occupation that requires a license.

7 "Outside employment" includes the following:

- 8 (1) Operation of a proprietorship;
- 9 (2) Participation in a partnership or group business
10 enterprise; or
- 11 (3) Performance as a director or corporate officer of any
12 for-profit corporation, or banking or credit
13 institution.

14 "Person" means an individual, association, partnership,
15 estate, trust, corporation, limited liability company, or other
16 legal entity.

17 "Political activity" or "politically-related activity"
18 includes any of the following:

- 19 (1) Using the person's official authority or influence for
20 the purpose of interfering with or affecting the
21 result of an election;



- 1 (2) Knowingly soliciting, accepting, or receiving
- 2 political campaign contributions from any person;
- 3 (3) Running for nomination or as a candidate for election
- 4 to a political office; or
- 5 (4) Knowingly soliciting or discouraging the participation
- 6 in any political activity of any person who is:
- 7 (A) Applying for any compensation, grant, contract,
- 8 ruling, license, permit, or certificate pending
- 9 before the commission; or
- 10 (B) The subject of or a participant in an ongoing
- 11 audit, investigation, or enforcement action being
- 12 carried out by the commission.

13 "Qualifier" means an affiliate, affiliated company,

14 officer, director, or managerial employee of an applicant, or a

15 person who holds greater than a five per cent direct or indirect

16 interest in an applicant. As used in this definition,

17 "affiliate" and "affiliated company" do not include a

18 partnership, joint venture relationship, co-shareholder of a

19 corporation, co-member of a limited liability company, or

20 co-partner in a limited liability partnership that has a five



1 per cent or less direct interest in the applicant and is not
2 involved in the gaming to be conducted by the applicant.

3 "Supplier" means a person that the commission has
4 identified under rules adopted by the commission as requiring a
5 license to provide a gaming licensee with goods or services.

6 "Supplier license" means a license that authorizes a person
7 to furnish any equipment, devices, supplies, or services for
8 gaming permitted under this chapter.

9 **PART II. HAWAII GAMING CONTROL COMMISSION**

10 **§ -201 Hawaii gaming control commission; established.**

11 There is established the Hawaii gaming control commission within
12 the department of business, economic development, and tourism
13 for administrative purposes only. The commission shall be a
14 body corporate and a public instrumentality of the State for the
15 purpose of implementing this chapter.

16 **§ -202 Members, chairperson, officers; appointment. (a)**

17 The commission shall consist of seven members to be appointed by
18 the governor under section 26-34. Of the seven members, two
19 shall be appointed from a list of nominees submitted by the
20 president of the senate and two shall be appointed from a list



1 of nominees submitted by the speaker of the house of
2 representatives.

3 (b) A vacancy on the commission shall be filled for the
4 unexpired term in the same manner as the original appointment.

5 (c) The commission shall elect a chairperson from among
6 its members.

7 (d) Officers of the commission shall be selected by the
8 members.

9 § -203 **Member applicant disclosure.** In addition to any
10 other disclosures required by the governor or by law, an
11 individual, before appointment as a member, shall disclose to
12 the governor any involvement during the past five years with any
13 gambling or casino interest.

14 § -204 **Member requirements.** (a) Each member of the
15 commission shall:

- 16 (1) Be a resident of the State;
- 17 (2) Serve part-time;
- 18 (3) Be paid compensation of \$300 for each day in the
19 performance of official duties; and
- 20 (4) Be reimbursed for expenses, including travel expenses,
21 incurred in the performance of official duties.



1 (b) Before assuming the duties of office, each member of
2 the commission shall:

3 (1) Take an oath that the member shall faithfully execute
4 the duties of office according to the laws of the
5 State; and

6 (2) File and maintain with the director a bond in the sum
7 of \$25,000 with good and sufficient sureties. The
8 cost of any bond for any member of the commission
9 under this section shall be considered a part of the
10 necessary expenses of the commission.

11 (c) By January 31 of each year, each member of the
12 commission shall file with the commission a disclosure form in
13 which the member shall:

14 (1) Affirm that neither:

15 (A) The member;

16 (B) The member's spouse or civil union partner;

17 (C) Any individual of the first degree of
18 consanguinity to the member; or

19 (D) Any spouse or civil union partner of any
20 individual of the first degree of consanguinity
21 to the member;



1 is a member of the board of directors of, financially
2 interested in, or employed by a licensee or applicant
3 or licensed by the commission;

4 (2) Affirm that each individual within the second degree
5 of consanguinity is not licensed by the commission;

6 (3) Affirm that the member continues to meet all other
7 criteria for commission membership under this chapter
8 and the rules adopted by the commission;

9 (4) Disclose any legal or beneficial interest in any real
10 property that is or may be directly or indirectly
11 involved with gaming authorized by this chapter; and

12 (5) Disclose any other information that may be required to
13 ensure that the integrity of the commission and its
14 work is maintained.

15 (d) Any member who receives an ex parte communication in
16 violation of section -310, or who is aware of an attempted
17 communication in violation of section -310, shall immediately
18 report in writing to the chairperson details of the
19 communication or attempted communication, including the source
20 and content of the communication.



1 § **-205 Member disqualifications.** No member of the
2 commission shall:

3 (1) Be an elected state official;

4 (2) Be licensed by the commission or be an official of,
5 have a financial interest in, or have a financial
6 relationship with any gaming or gambling operation;

7 (3) Be related, within the second degree of consanguinity
8 or affinity, to any individual who is licensed by the
9 commission under this chapter; or

10 (4) Have been under indictment, been convicted, pled
11 guilty or nolo contendere, or forfeited bail for a
12 felony or a misdemeanor involving gambling or fraud
13 under the laws of this State, any other state, or the
14 United States, or for violation of a local ordinance
15 involving gambling or fraud that substantially
16 corresponds to a misdemeanor in that state, within the
17 ten years prior to appointment.

18 § **-206 Member removal.** The president of the senate or
19 speaker of the house of representatives may request that the
20 governor remove or suspend a member of the commission that they
21 nominated for the commission. Upon receipt of a request from



1 the president of the senate or the speaker of the house of
2 representatives, and after due notice and public hearing, the
3 governor may remove or suspend that member for cause.

4 **§ -207 Powers and duties of the commission.** (a) The
5 commission shall have all powers necessary to regulate all
6 gaming operations, including the power to:

- 7 (1) Administer, regulate, and enforce the gaming structure
8 authorized by this chapter;
- 9 (2) Issue licenses under this chapter;
- 10 (3) Determine the number of supplier and occupational
11 licenses issued under this chapter;
- 12 (4) Adopt standards for licensing under this chapter;
- 13 (5) Establish and collect fees for licenses under this
14 chapter and provide for the collection, receipt, and
15 accounting of all taxes imposed under this chapter;
- 16 (6) Enter at any time the premises, offices, or other
17 places of business of a gaming licensee or supplier
18 licensee, without a warrant and without notice to a
19 gaming licensee or a supplier licensee, where evidence
20 of compliance or noncompliance with this chapter or
21 rules is likely to be found. Entry is authorized to:



- 1 (A) Inspect and examine all premises wherein the
- 2 business of a gaming licensee or the business of
- 3 a supplier licensee is conducted, or where any
- 4 records of the activities are prepared;
- 5 (B) Inspect, examine, audit, impound, seize, or
- 6 assume physical control of, or summarily remove
- 7 from the premises all books, ledgers, documents,
- 8 writings, photocopies of correspondence records,
- 9 videotapes, including electronically stored
- 10 records, money receptacles, other containers and
- 11 their contents, equipment in which the records
- 12 are stored, or other equipment and supplies on or
- 13 around the premises;
- 14 (C) Inspect any person and inspect, examine, and
- 15 seize personal effects present in the office or
- 16 place of business of a gaming licensee or
- 17 supplier licensee; and
- 18 (D) Investigate and deter alleged violations of this
- 19 chapter or rules adopted by the commission;
- 20 (7) Investigate alleged violations of this chapter and
- 21 take disciplinary action against a gaming licensee for



- 1 a violation, institute legal action for enforcement,
2 or both;
- 3 (8) Be present, through its inspectors and agents, at the
4 business office of a gaming licensee to verify
5 revenue, receive complaints from the public, or
6 conduct other investigations into the conduct of a
7 gaming licensee and the maintenance of equipment;
- 8 (9) Employ any personnel necessary to carry out its
9 duties;
- 10 (10) Adopt appropriate standards for gaming;
- 11 (11) Require that records, including financial or other
12 statements, of a gaming licensee be kept in a manner
13 prescribed by the commission and that a gaming
14 licensee submit to the commission an annual balance
15 sheet and profit and loss statement; a list of
16 stockholders or other persons having a five per cent
17 or greater beneficial interest in the gaming
18 activities of a gaming licensee; and any other
19 information the commission deems necessary to
20 effectively administer this chapter;



- 1 (12) Conduct hearings; issue subpoenas for the attendance
2 of witnesses and subpoenas duces tecum for the
3 production of books, records, and other pertinent
4 documents; and administer oaths and affirmations to
5 witnesses for purposes of this chapter. The executive
6 director or the executive director's designee may
7 issue subpoenas and administer oaths and affirmations
8 to witnesses;
- 9 (13) Prescribe any employment application form to be used
10 by a gaming licensee for prospective employees;
- 11 (14) Exclude or authorize the exclusion of, any individual
12 from gaming where the individual is in violation of
13 this chapter or, based upon the individual's conduct
14 or reputation, the individual's use of gaming or
15 gambling, in the opinion of the commission, may call
16 into question the honesty and integrity of the gaming
17 operation or interfere with the orderly conduct
18 thereof, or any other action that, in the opinion of
19 the commission, is a detriment or impediment to the
20 gaming operations; provided that the propriety of that



- 1 exclusion shall be subject to a subsequent hearing by
2 the commission;
- 3 (15) Suspend, revoke, or restrict any license issued under
4 this chapter and require the removal of a licensee or
5 employee of a licensee for a violation of this chapter
6 or a rule adopted by the commission, or for engaging
7 in a fraudulent practice;
- 8 (16) Impose and collect fines of up to \$5,000 against
9 individuals and up to \$10,000 or an amount equal to
10 the daily gross receipts, whichever is larger, against
11 a gaming licensee or supplier licensee for each
12 violation of this chapter, any rule adopted by the
13 commission, or for any other action that, in the
14 commission's discretion, is a detriment or impediment
15 to gaming operations;
- 16 (17) Establish minimum levels of insurance to be maintained
17 by a gaming licensee or supplier licensee;
- 18 (18) Establish a process to facilitate and expedite
19 approval of licenses and permits necessary for a
20 gaming licensee to begin regular gaming operations;



1 (19) Delegate the execution of any of its powers for the
2 purpose of administering and enforcing this chapter;
3 and

4 (20) Adopt rules under chapter 91 to implement this
5 chapter, including rules that:

6 (A) Govern, restrict, approve, or regulate gaming
7 authorized by this chapter;

8 (B) Promote the safety, security, and integrity of
9 gaming authorized by this chapter;

10 (C) License and regulate, consistent with the
11 qualifications and standards set forth in this
12 chapter, persons participating in or involved
13 with gaming authorized by this chapter; and

14 (D) Take any other action that may be reasonable or
15 appropriate to enforce this chapter and rules
16 adopted by the commission.

17 (b) This section is not intended to limit warrantless
18 inspections except in accordance with constitutional
19 requirements.

20 (c) The commission shall adopt rules under chapter 91
21 establishing a code of ethics for its employees including a



1 prohibition on employees participating in or wagering on any
2 game or gaming operation subject to the jurisdiction of the
3 commission. The code of ethics shall be separate from and in
4 addition to any standards of conduct set forth under chapter 84.

5 **§ -208 Chairperson; reports.** (a) The chairperson shall
6 report to the commission at its next meeting any action the
7 chairperson has taken or contemplates taking under this chapter
8 with respect to an employee or agent or former employee or
9 former agent. The commission may direct the executive director
10 to take additional or different action.

11 (b) The chairperson may investigate or initiate an
12 investigation of any matter reported under section -204(d)
13 or -310(d) with the assistance of the attorney general and
14 other law enforcement agencies to determine if the communication
15 violates sections -204 or -310 or other state law. The
16 disclosure under this section and the investigation shall remain
17 confidential. Following an investigation, the chairperson shall
18 advise the governor and the commission of the results of the
19 investigation and may recommend action that the chairperson
20 considers appropriate.



1 (c) All disclosures and reports under this chapter shall
2 be filed with the commission.

3 § -209 **Meetings; hearings.** (a) The commission shall
4 hold at least one meeting subject to chapter 92 in each quarter
5 of the state fiscal year. The chairperson or any four members
6 may call for a special meeting; provided that written notice of
7 a special meeting shall be provided to each member not less than
8 seventy-two hours before the meeting. Four members shall
9 constitute a quorum, and a majority vote of the members present
10 shall be required for any final determination by the commission.
11 The commission shall keep a complete and accurate record of all
12 its meetings.

13 (b) Upon order of the commission, one of the commission
14 members or a hearings officer designated by the commission may
15 conduct a hearing related to gaming and may recommend findings
16 and decisions to the commission. The record made at the time of
17 the hearing shall be reviewed by the commission and the findings
18 and decisions of the majority of the commission shall constitute
19 the order of the commission in that case.

20 (c) Any party aggrieved by an action of the commission
21 denying, suspending, revoking, restricting, or refusing to renew



1 a license under this chapter may request a hearing before the
 2 commission. A request for a hearing shall be made to the
 3 commission in writing within five days after service of notice
 4 of the action of the commission. The commission shall conduct
 5 all requested hearings promptly and in reasonable order.

6 (d) Notice of the actions of the commission shall be
 7 served either by personal delivery or by certified mail, postage
 8 prepaid, to the aggrieved party. Notice served by certified
 9 mail shall be deemed complete on the business day following the
 10 date of the mailing.

11 § -210 **Executive director of the Hawaii gaming control**

12 **commission.** (a) The commission shall appoint an executive
 13 director who shall be subject to the commission's supervision.
 14 The executive director shall:

- 15 (1) Hold office at the pleasure of the commission;
- 16 (2) Be exempt from chapters 76 and 89;
- 17 (3) Devote full time to the duties of the office;
- 18 (4) Not hold any other office or employment;
- 19 (5) Perform all duties that the commission assigns;
- 20 (6) Receive an annual salary at an amount set by the
 21 commission;



- 1 (7) Be reimbursed for expenses actually and necessarily
- 2 incurred in the performance of the executive
- 3 director's duties;
- 4 (8) Preserve all records, books, documents, and other
- 5 papers belonging to the commission or entrusted to its
- 6 care relating to gaming;
- 7 (9) Set the salaries of employees hired under this
- 8 section; and
- 9 (10) Keep records of all proceedings of the commission.
- 10 (b) Except as otherwise provided by law, the executive
- 11 director may:
 - 12 (1) Hire assistants, other officers, and employees, who
 - 13 shall be exempt from chapters 76 and 89 and who shall
 - 14 serve at the pleasure of the executive director; and
 - 15 (2) Appoint committees and consultants necessary for the
 - 16 efficient operation of gaming; provided that no
 - 17 individual hired or appointed under this subsection
 - 18 shall:
 - 19 (A) Be an elected state official;
 - 20 (B) Be licensed by the commission under this chapter,
 - 21 or be an official of, have a financial interest



1 in, or have a financial relationship with, any
2 gaming operation subject to the jurisdiction of
3 the commission;

4 (C) Be related within the second degree of
5 consanguinity or affinity to any individual who
6 is licensed by the commission under this chapter;
7 or

8 (D) Have been under indictment, been convicted, pled
9 guilty or nolo contendere, or forfeited bail for
10 a felony or misdemeanor concerning gambling or
11 fraud under the laws of this State, any other
12 state, or the United States, or for a violation
13 of a local ordinance involving gambling or fraud
14 that substantially corresponds to a misdemeanor
15 in that state, within the ten years prior to
16 employment.

17 § -211 **Commission employees.** No individual shall be
18 employed by the commission if:

19 (1) During the three years immediately preceding
20 appointment or employment, the individual held any
21 direct or indirect interest in, or was employed by:



1 (A) A licensee under this chapter; or
2 (B) A gaming license applicant;
3 provided that the individual seeking employment may be
4 employed by the commission if the individual's
5 interest in any licensee would not, in the opinion of
6 the commission, interfere with the objective discharge
7 of the individual's employment obligations; provided
8 further that no individual having a controlling
9 interest in a licensee shall be employed by the
10 commission; or

11 (2) The individual or the individual's spouse, parent,
12 child, child's spouse, or sibling:

13 (A) Is a member of the commission;

14 (B) Is a director of or has a financial interest in a
15 gaming licensee;

16 (C) Is a director of or has a financial interest in a
17 supplier licensee; or

18 (D) Has an application for any license pending before
19 the commission.

20 § -212 **Employee, agent of commission; pre-employment**

21 **disclosure.** Before employment as an employee or agent of the



1 commission, an individual shall disclose any involvement during
2 the past five years with any gaming or casino.

3 **§ -213 Hawaii gaming control commission employees;**

4 **financial disclosures.** Each employee or agent of the
5 commission, except the executive director, shall file with the
6 commission at the time of employment a financial disclosure
7 statement listing all assets, liabilities, property and business
8 interests, and sources of income of the employee and the
9 employee's spouse.

10 **§ -214 Member, employee, or agent of commission;**

11 **conduct.** Any member, employee, or agent of the commission who:

12 (1) Becomes aware that the member, employee, or agent of
13 the commission, or their spouse, parent, or child, is
14 a member of the board of directors of, financially
15 interested in, or employed by a licensee or an
16 applicant shall immediately provide detailed written
17 notice thereof to the chairperson;

18 (2) Has been indicted for, charged with, convicted of,
19 pled guilty or nolo contendere to, or forfeited bail
20 for:



S.B. NO. 3376

- 1 (A) A misdemeanor involving gambling, dishonesty,
2 theft, or fraud;
- 3 (B) A local ordinance in any state involving
4 gambling, dishonesty, theft, or fraud that
5 substantially corresponds to a misdemeanor in
6 that state; or
- 7 (C) A felony under Hawaii law or the law of any other
8 jurisdiction;
9 shall immediately provide detailed written notice of
10 the charge or conviction to the chairperson;
- 11 (3) Is negotiating for, or acquires by any means, any
12 interest in a gaming licensee or an applicant, or is
13 affiliated with a gaming licensee or applicant, shall
14 immediately provide written notice of the details of
15 the interest to the chairperson. The member,
16 employee, or agent of the commission shall not act on
17 behalf of the commission with respect to that person;
- 18 (4) Receives an invitation, written or oral, to initiate a
19 discussion concerning employment or the possibility of
20 employment with a person, or affiliate of a person,
21 who is a licensee or an applicant shall immediately



1 report the invitation to the chairperson. The member,
2 employee, or agent of the commission shall not take
3 action on behalf of the commission with respect to
4 that person;

5 (5) Is offered a bribe in violation of this chapter shall
6 immediately provide a written account of the details
7 of the incident to the chairperson and to a law
8 enforcement agency having jurisdiction; and

9 (6) Acquires a financial interest in a licensee or
10 applicant, or affiliate or representative of a
11 licensee or applicant through no intentional action of
12 the employee or agent, shall divest or terminate the
13 financial interest within thirty days. An individual
14 who has been offered employment with the commission
15 and any employee's, agent's, or member's spouse,
16 parent, or child who acquires a financial interest in
17 a licensee or applicant, or affiliate or
18 representative of a licensee or applicant through no
19 intentional action of the individual who has been
20 offered employment with the commission, member,
21 employee, or agent of the commission shall divest or



1 terminate the financial interest within thirty days.

2 Any employee or agent may be terminated by the
3 chairperson if the interest has not been divested
4 after thirty days.

5 § -215 Member, employee, or agent of commission;

6 prohibitions. No member, employee, or agent of the commission
7 shall:

- 8 (1) Engage in political activity or politically-related
9 activity during the duration of the individual's
10 appointment or employment;
- 11 (2) Enter into any negotiations for employment with any
12 person or affiliate of any person who is a licensee or
13 an affiliate; provided that if a member, an employee,
14 or an agent of the commission does enter into any
15 negotiations for employment with any person or
16 affiliate of any person who is a licensee or an
17 affiliate, the member, employee, or agent of the
18 commission shall immediately provide written notice of
19 the details of any negotiations or discussions to the
20 chairperson, and the member, employee, or agent of the
21 commission shall not take any action on behalf of the



1 commission with respect to that person for the
2 duration of any negotiations for employment;

3 (3) Accept any gift, gratuity, compensation, travel,
4 lodging, or anything of value, directly or indirectly,
5 from any licensee, applicant, or any affiliate or
6 representative of an applicant or licensee or allow
7 any parent, spouse, sibling, or child of a member,
8 employee, or agent of the commission to do the same,
9 unless the acceptance conforms to a written policy or
10 directive issued by the chairperson or the commission;
11 provided that if any member, employee, or agent of the
12 commission or any parent, spouse, sibling, or child of
13 a member, employee, or agent of the commission is
14 offered or receives any gift, gratuity, compensation,
15 travel, lodging, or anything of value, directly or
16 indirectly, from any licensee or any applicant or
17 affiliate or representative of an applicant or
18 licensee, that member, employee, or agent of the
19 commission shall immediately provide written
20 notification of the details to the chairperson;



- 1 (4) Engage in any conduct that constitutes a conflict of
2 interest, and shall immediately provide written
3 notification to the chairperson of the details of any
4 incident or circumstances that would present the
5 appearance of a conflict of interest with respect to
6 the performance of commission-related work or duty of
7 the member, employee, or agent of the commission; or
- 8 (5) Participate in or wager on any game conducted by any
9 applicant or licensee, or any affiliate of an
10 applicant or licensee, in the State; gamble in any
11 casino of a licensee, applicant, or affiliate; or use
12 an online gambling platform of a licensee, applicant,
13 or affiliate; provided that:
 - 14 (A) A member, employee, or agent of the commission
15 may participate in and wager on a game conducted
16 by a licensee under this chapter, to the extent
17 authorized by the chairperson or commission as
18 part of the member's surveillance, security, or
19 other official duties for the commission; and
 - 20 (B) A member, employee, or agent of the commission
21 shall advise the chairperson at least twenty-four



1 hours in advance if the member plans to be
2 present in a casino in another jurisdiction,
3 operated by a licensee, applicant, or affiliate
4 of a licensee or applicant, outside the scope of
5 their official duties for the commission.

6 § -216 **Employee; outside employment.** (a) No employee
7 or agent of the commission shall engage in employment outside
8 the commission if the nature of the outside employment creates a
9 possible conflict of interest or otherwise interferes with the
10 duties of the employee or agent for the commission.

11 (b) Each applicant for employment with the commission or
12 applicant to be an agent of the commission shall disclose all
13 outside employment held at the time of application.

14 (c) Each employee or agent of the commission who obtains
15 outside employment while an employee or agent of the commission
16 shall disclose the nature of the outside employment to the
17 executive director.

18 (d) No activities involving outside employment shall be
19 conducted on premises used by the commission or during the
20 employee's working hours for the commission.



1 § -217 **Confidentiality.** A member, employee, or agent of
2 the commission, or former member, employee, or agent of the
3 commission, shall not disseminate or otherwise disclose any
4 material or information in the possession of the commission that
5 the commission considers confidential unless specifically
6 authorized to do so by the chairperson or the commission.

7 § -218 **Post-employment, post-membership; restrictions.**

8 (a) Within five years after the date of termination of the
9 individual's membership in or employment with the commission, a
10 member of the commission, or the executive director shall not
11 hold a direct or indirect interest in, be employed by, or enter
12 into a contract for service with any applicant or person
13 licensed by the commission.

14 (b) Within three years after the date of termination of
15 the member's term of office or the employee's period of
16 employment with the commission, a commission member or an
17 individual employed by the commission shall not represent a
18 person or party, other than the State, before or against the
19 commission.

20 (c) For not less than three years after termination of an
21 individual's employment with the commission, the individual



1 shall not acquire any direct or indirect interest in, be
2 employed by, or enter into a contract for services with any
3 applicant or person licensed by the commission.

4 (d) A business entity in which an employee, an agent, or a
5 former member of the commission has an interest, or any partner,
6 officer, or employee of the business entity, shall not make any
7 appearance or representation before the commission from which
8 that former member, employee, or agent is prohibited. As used
9 in this subsection, "business entity" means a corporation,
10 limited liability company, partnership, limited liability
11 partnership association, trust, or other form of legal entity.

12 § -219 **Former member, employee, agent of the commission;**
13 **witness.** A former member, employee, or agent of the commission
14 may appear before the commission as a witness testifying as to
15 factual matters or actions handled by the member, employee, or
16 agent during the individual's tenure as a member, employee, or
17 agent of the commission. The member, employee, or agent of the
18 commission shall not receive compensation for the appearance
19 other than a standard witness fee and reimbursement for travel
20 expenses as established by statute or court rule.



1 § -220 **Member, employee, or agent of commission;**

2 **penalties.** (a) Violation of this chapter by a member of the
3 commission shall constitute cause for removal under
4 section 26-34(d) or other disciplinary action as determined by
5 the commission.

6 (b) Violation of this chapter by an employee or agent of
7 the commission shall not result in termination of employment or
8 require other disciplinary action if the commission determines
9 that the conduct involved does not violate the purpose of this
10 chapter; provided that employment shall be terminated:

11 (1) If the employee or agent is a spouse, parent, child,
12 or spouse of a child of a commission member; or

13 (2) If, after being offered employment or having begun
14 employment with the commission, the employee or agent
15 intentionally acquires a financial interest in a
16 licensee or applicant, or affiliate or representative
17 of a licensee or applicant.

18 § -221 **Annual report.** The commission shall file a
19 written report with the governor and legislature at least sixty
20 days prior to the close of each fiscal year and shall file any



1 additional reports that the governor or legislature requests.

2 The annual report shall include:

3 (1) A statement of receipts and disbursements related to
4 gaming under this chapter;

5 (2) Actions taken by the commission; and

6 (3) Any additional information and recommendations that
7 the commission may deem valuable or that the governor
8 or legislature may request.

9 § -222 **No civil cause of action.** A violation of this
10 part shall not create a civil cause of action.

11 **PART III. GAMING LICENSE**

12 **SUBPART A. GAMING LICENSE APPLICATIONS**

13 § -301 **Authorization of gaming; one gaming license.** (a)

14 All gaming shall be conducted online.

15 (b) Within one hundred and twenty days of its appointment,
16 the commission shall adopt necessary rules and make applications
17 available for a gaming license. Applications for a gaming
18 license shall be submitted to the commission no later than sixty
19 days after the date that applications are made available. The
20 commission shall select one applicant that best meets the
21 criteria under this subpart no later than ninety days after the



1 deadline to submit applications to the commission. If the
2 selected applicant meets all requirements of this chapter, the
3 commission shall issue a gaming license to the applicant within
4 one hundred and twenty days after the date the applicant is
5 selected.

6 (c) The commission shall not issue more than one active
7 gaming license.

8 **§ -302 Application for a gaming license.** (a) Each
9 applicant for a gaming license shall be a resident of the State
10 for at least fifteen years immediately preceding the submission
11 of the application. If an entity submits an application, a
12 principal of the entity shall be a resident of the State for the
13 fifteen years immediately preceding the submission of the
14 application.

15 (b) A person, including a qualifier, may apply to the
16 commission for a gaming license. The application shall be made
17 under oath on forms provided by the commission and shall contain
18 information as prescribed by the commission, including the
19 following:

20 (1) The name, business address, telephone number, social
21 security number, and any applicable federal tax



1 identification number of the applicant and every
2 qualifier;

3 (2) An identification of any business, including, if
4 applicable, the state of incorporation or registration
5 in which the applicant or qualifier has an equity
6 interest of more than five per cent. If the applicant
7 or qualifier is a corporation, partnership, or other
8 business entity, the applicant or qualifier shall
9 identify any other corporation, partnership, or other
10 business entity in which it has an equity interest of
11 more than five per cent, including, if applicable, the
12 state of incorporation or registration. The applicant
13 or qualifier may comply with this paragraph by filing
14 a copy of the applicant's or qualifier's registration
15 with the United States Securities and Exchange
16 Commission if the registration contains the
17 information required by this paragraph;

18 (3) Whether the applicant or qualifier has been indicted,
19 convicted, pled guilty or nolo contendere, or
20 forfeited bail for a felony within the last ten years
21 or for a misdemeanor involving gambling, theft, or



1 fraud within the last ten years, not including traffic
2 violations, including the date, name, and location of
3 the court, arresting agency, prosecuting agency, the
4 case caption, docket number, offense, disposition, and
5 location and length of any incarceration;

6 (4) Whether the applicant or qualifier has ever been
7 granted any license or certificate issued by a
8 licensing authority in the State, or any other
9 jurisdiction, that has been restricted, suspended,
10 revoked, or not renewed, and a statement describing
11 the facts and circumstances concerning the
12 application, denial, restriction, suspension,
13 revocation, or nonrenewal, including the licensing or
14 codifying authority, the date each action was taken,
15 and the reason for each action;

16 (5) Whether the applicant or qualifier, within the last
17 ten years, has filed or had filed against it a civil
18 or administrative action or proceeding in bankruptcy
19 or has been involved in any formal process to adjust,
20 defer, suspend, or otherwise address the payment of
21 any debt, including the date of filing, name, and



1 location of the court, case caption, docket number,
2 and disposition;

3 (6) Whether the applicant or qualifier, within the last
4 five taxable years, has failed to pay any final amount
5 of tax due and payable under federal, state, or local
6 law, after exhaustion of all interagency appeals
7 processes, including the amount, type of tax, taxing
8 jurisdiction, and time periods involved;

9 (7) A statement listing the names and titles of all public
10 officials or officers of any unit of state or county
11 government in the State, and the spouses, parents, and
12 children of those public officials or officers who,
13 directly or indirectly, own any financial interest in,
14 have any beneficial interest in, are the creditors of
15 or hold any debt instrument issued by, or hold or have
16 an interest in any contractual or service relationship
17 with, the applicant or a qualifier. As used in this
18 paragraph, "public official" or "officer" does not
19 include an individual who would be listed solely
20 because of the individual's state or federal military
21 service;



1 (8) The name and business telephone number of any
2 attorney, counsel, or any other person representing an
3 applicant or a qualifier in matters before the
4 commission; and

5 (9) For the applicant only, a development plan that
6 includes:

7 (A) A description of the proposed gaming, including
8 the economic benefit to the community;

9 (B) Anticipated or actual number of employees;

10 (C) Any statement from an applicant regarding
11 compliance with federal and state affirmative
12 action guidelines;

13 (D) Projected or actual use;

14 (E) Projected or actual gross receipts; and

15 (F) Scientific market research, if any.

16 (c) Applicants shall submit with their application a plan
17 for training residents of the State for jobs that are available
18 to develop and support gaming. The plan shall take into
19 consideration the need to provide training to low-income
20 individuals to enable them to qualify for jobs that will be
21 created by a gaming licensee.



1 (d) Each applicant and qualifier shall disclose the
2 identity of every person having a greater than five per cent
3 direct or indirect financial interest in a gaming operation for
4 which a gaming license is sought. If the disclosed entity is a:

5 (1) Trust, the application shall disclose the names and
6 addresses of the beneficiaries;

7 (2) Corporation, the application shall disclose the names
8 and addresses of all stockholders and directors; or

9 (3) Partnership, the application shall disclose the names
10 and addresses of all partners, both general and
11 limited.

12 (e) To demonstrate financial ability, the applicant may
13 include the economic resources of the person or persons who will
14 operate the gaming, and any qualifiers.

15 (f) Each applicant and qualifier shall submit with the
16 application two sets of the applicant's fingerprints on forms
17 provided by the commission.

18 (g) An applicant shall pay an application fee of \$50,000
19 to the commission at the time of filing to defray the costs
20 associated with any background investigation conducted by the
21 commission. If the costs of the investigation exceed \$50,000,



1 the applicant shall pay the additional amount to the commission.
2 If the costs of the investigation are less than \$50,000, the
3 applicant shall receive a refund of the remaining amount. All
4 information, records, interviews, reports, statements,
5 memoranda, or other data supplied to or used by the commission
6 in the course of its review or investigation of an application
7 for a license shall be confidential, used only for the purpose
8 of evaluating an applicant, and exempt from public disclosure
9 required by chapter 92F, and shall not be admissible as
10 evidence, nor discoverable in any action of any kind in any
11 court or before any tribunal, commission, agency, or person,
12 except for any action deemed necessary by the commission.

13 § -303 **Gaming license application; denial.** (a) The
14 commission shall deny an application for a gaming license if:

- 15 (1) Within the last ten years, the applicant has been
16 convicted of a felony under the laws of this State,
17 any other state, or the United States;
- 18 (2) The applicant has been convicted of any violation
19 under part III of chapter 712, or substantially
20 similar laws of another jurisdiction;



- 1 (3) The applicant has knowingly submitted an application
2 for a gaming license under this chapter that contains
3 false information;
- 4 (4) The applicant is a member of the commission;
- 5 (5) The firm or corporation applying for a gaming license
6 employs an individual described in paragraph (1), (2),
7 (3), or (4) who participates in the management or
8 operation of gaming operations authorized under this
9 chapter;
- 10 (6) A gaming license under this chapter has been issued to
11 the applicant and later revoked; or
- 12 (7) Within the last ten years, a license to own or operate
13 any form of gambling venture, including online or
14 casino gambling, in any jurisdiction has been issued
15 to the applicant and later revoked.

16 (b) An incomplete application shall be cause for denial by
17 the commission of a gaming license.

18 § -304 **Application deficiency.** (a) If the executive
19 director identifies an apparent deficiency in an application
20 that would require denial of the application or the
21 disqualification of a qualifier, the executive director shall



1 notify the affected applicant or qualifier in writing of the
2 apparent deficiency. The applicant or qualifier may then
3 request an informal conference with the executive director to
4 discuss the deficiency.

5 (b) The executive director shall provide to the applicant
6 or qualifier a reasonable period of time to correct the
7 deficiency. If the deficiency is not corrected within a
8 reasonable time period, the executive director shall find that
9 the deficiency has not been corrected. Following this finding,
10 the affected applicant or qualifier shall have an opportunity to
11 appeal the executive director's finding of a deficiency to the
12 commission. The commission shall conduct an investigative
13 hearing, under section -209 and in accordance with rules
14 adopted under this chapter, to determine whether there is
15 sufficient evidence to support a deficiency finding. At the
16 hearing, the burden of proof shall be on the executive director
17 to demonstrate that the finding of a deficiency is supported by
18 law and facts. Any finding by the commission about a deficiency
19 of an applicant or qualifier shall not constitute a final
20 determination by the commission as to the suitability of the



1 applicant to hold a license, or the suitability of a qualifier
2 to hold an ownership interest in a gaming license applicant.

3 (c) At any time prior to a finding by the commission that
4 a qualifier is unsuitable to hold an ownership interest in a
5 gaming license applicant, a qualifier shall have the ability to
6 sell its ownership interest in a gaming license applicant.

7 (d) A qualifier who has been issued a finding of a
8 deficiency shall have the right to request that the commission
9 expand the deficiency hearing under this section to include a
10 determination of the qualifier's suitability to hold an
11 ownership interest in a gaming license applicant. If that
12 request is made, the commission shall determine the suitability
13 of the affected qualifier separate from the suitability of the
14 applicant and any of its other qualifiers. A request by a
15 qualifier for an extended hearing under this section shall not
16 prevent the commission from issuing a license to the applicant.
17 Until the commission determines that a qualifier under this
18 section is suitable to hold an ownership interest in the
19 applicant, the applicant or licensee shall not do any of the
20 following:



1 (1) Make any direct or indirect payment or distribution of
2 revenue or other benefit to the qualifier that is
3 related in any way to the qualifier's interest in the
4 applicant; or

5 (2) Pay any direct or indirect compensation to the
6 qualifier for services rendered to the applicant,
7 unless specifically approved and authorized by the
8 commission.

9 § -305 **Criteria for award of a gaming license.** (a)

10 Information provided on a gaming license application shall be
11 used as the basis for a background investigation that the
12 commission shall conduct with respect to each applicant and
13 qualifier.

14 (b) A gaming license shall be awarded based upon the
15 following criteria:

16 (1) Whether the applicant's development plan for gaming
17 will generate jobs and revenue in the local economy;

18 (2) Whether the applicant has the financial resources and
19 ability to establish gaming in Hawaii, based upon the
20 submitted financial data and other facts;



- 1 (3) Whether the applicant has the financial ability to
2 purchase and maintain adequate liability and casualty
3 insurance and to provide an adequate surety bond;
- 4 (4) Whether the applicant has adequate capitalization to
5 develop, maintain, and operate, for the duration of
6 the license, the proposed gaming, in accordance with
7 the requirements of this chapter and rules adopted by
8 the commission, and to responsibly pay off its secured
9 and unsecured debts, in accordance with its financing
10 agreement and other contractual obligations;
- 11 (5) The extent to which the applicant or any of its
12 qualifiers demonstrate that they have assisted the
13 State in developing gaming through their commitment of
14 resources to support, promote, and establish gaming in
15 the State. Expenditures of time, money, and effort
16 shall all be considered in connection with this
17 criterion. The timing of participation shall further
18 influence this criterion, with early participation and
19 contribution to the development program receiving more
20 favorable consideration;



1 (6) Whether the applicant or any of its qualifiers has
2 been indicted, convicted, pled guilty or nolo
3 contendere, or forfeited bail for a felony within the
4 last ten years or for a misdemeanor involving
5 gambling, theft, or fraud within the last ten years,
6 not including traffic violations;

7 (7) Whether the applicant or any of its qualifiers, within
8 the last ten years:

9 (A) Has filed, or had filed against it, a proceeding
10 for bankruptcy; or

11 (B) Has been involved in any formal process to
12 adjust, defer, suspend, or otherwise address the
13 payment of any debt;

14 (8) Whether an applicant or any of its qualifiers, within
15 the last five taxable years, has failed to pay any
16 final amount of tax due and payable under federal,
17 state, or local law, after exhaustion of all
18 interagency appeals processes; and

19 (9) Whether the applicant meets other standards for the
20 issuance of a gaming license that the commission may
21 have adopted by rule. No rule adopted under



1 chapter 91 shall be arbitrary, capricious, or
2 contradictory to the expressed provisions of this
3 chapter but shall further define and clarify the
4 above-listed conditions, rather than create new
5 conditions for licensure.

6 § -306 **Institutional investor.** (a) Unless the
7 commission determines that an institutional investor is
8 unqualified, an institutional investor holding less than ten per
9 cent of the equity securities or ten per cent of the debt
10 securities of a gaming licensee's affiliate or affiliated
11 company that is related in any way to the financing of a gaming
12 licensee, shall be granted a waiver of the eligibility and
13 suitability requirements if:

14 (1) The securities represent a percentage of the
15 outstanding debt of the affiliate or affiliated
16 company not exceeding twenty per cent, or a percentage
17 of any issue of the outstanding debt of the affiliate
18 or affiliated company not exceeding fifty per cent;

19 (2) The securities are those of a publicly traded
20 corporation and its holdings of the securities were
21 purchased for investment purposes only; and



1 (3) Upon request by the commission, the institutional
2 investor files with the commission a certified
3 statement that it has no intention of influencing or
4 affecting the affairs of the issuer, a gaming
5 licensee, or its affiliate or affiliated company.

6 (b) The commission may grant a waiver under this section
7 to an institutional investor holding a higher percentage of
8 securities than allowed in subsection (a) upon a showing of good
9 cause and if the conditions specified in subsection (a) are met.

10 (c) An institutional investor granted a waiver under this
11 section that subsequently intends to influence or affect the
12 affairs of the issuer shall provide notice to the commission and
13 file an application for a determination of eligibility and
14 suitability before taking any action that may influence or
15 affect the affairs of the issuer.

16 (d) Notwithstanding any provisions of this chapter, an
17 institutional investor may vote on all matters that are put to
18 the vote of the outstanding security holders of the issuer.

19 (e) If an institutional investor changes its investment
20 intent or if the commission finds that the institutional
21 investor is unqualified, no action other than divestiture of the



1 security holdings shall be taken until there has been compliance
2 with this chapter.

3 (f) A gaming licensee or an affiliate or affiliated
4 company of a gaming licensee shall immediately notify the
5 commission of any information concerning an institutional
6 investor holding its equity or debt securities that may affect
7 the eligibility and suitability of the institutional investor
8 for a waiver under this section.

9 (g) If the commission finds that an institutional
10 investor, holding any security of an affiliate or affiliated
11 company of a gaming licensee that is related in any way to the
12 financing of a gaming licensee, fails to comply with the
13 requirements of this section, or if at any time the commission
14 finds that, by reason of the extent or nature of its holdings,
15 an institutional investor is in a position to exercise a
16 substantial impact upon the controlling interests of a gaming
17 licensee, the commission may take any action necessary to
18 protect the public interest, including requiring the
19 institutional investor to satisfy the eligibility and
20 suitability requirements under sections -302, -305,
21 and -307.



1 **§ -307 Bond of gaming licensee.** Before a gaming license
2 is issued, an applicant shall file with the department a bond in
3 the sum of \$200,000. The bond shall be used to guarantee that a
4 gaming licensee faithfully makes the payments, keeps books and
5 records, makes reports, and conducts gaming in conformity with
6 this chapter and rules adopted by the commission. The bond
7 shall not be canceled by a surety less than thirty days after
8 providing written notice to the commission. If a bond is
9 canceled and the licensee fails to file a new bond with the
10 commission in the required amount on or before the effective
11 date of cancellation, the licensee's license shall be revoked.
12 The total and aggregate liability of the surety on the bond
13 shall be limited to the amount specified in the bond.

14 **§ -308 Gaming license; term.** The term of a gaming
15 license shall be ten years and shall be renewable for additional
16 ten-year terms according to rules adopted by the commission.

17 **§ -309 Revocation of gaming license.** The commission may
18 revoke a gaming license if a gaming licensee fails to begin
19 regular gaming operations within twelve months of receipt of the
20 commission's approval of the application and upon a finding by



1 the commission that a gaming license revocation is in the best
2 interest of the State.

3 § -310 **Gaming licensee or applicant; prohibitions; ex**
4 **parte communications.** (a) A licensee or applicant shall not
5 knowingly initiate a negotiation for, or discussion of,
6 employment with a member, employee, or agent of the commission,
7 and shall immediately provide written notice of the details of
8 any such negotiation or discussion to the chairperson.

9 (b) An applicant or licensee, or affiliate or
10 representative of an applicant or licensee, shall not, directly
11 or indirectly, knowingly give or offer to give any gift,
12 gratuity, compensation, travel, lodging, or anything of value to
13 any member, employee, or agent of the commission that the
14 member, employee, or agent of the commission is prohibited from
15 accepting.

16 (c) An applicant or licensee or any affiliate or
17 representative of an applicant or licensee shall not engage in
18 ex parte communications concerning a pending application,
19 license, or enforcement action with members of the commission.
20 A member of the commission shall not engage in any ex parte
21 communications with a licensee or an applicant, or with any



1 affiliate or representative of an applicant or licensee,
2 concerning a pending application, license, or enforcement
3 action.

4 (d) Any applicant or licensee, or affiliate or
5 representative of licensee or applicant, who receives any ex
6 parte communication in violation of this section from a member,
7 or who is aware of an attempted communication in violation of
8 this section, shall immediately report in writing to the
9 chairperson details of the communication or attempted
10 communication.

11 (e) Violation of this section by an applicant, licensee,
12 or affiliate or representative of a licensee or applicant, may
13 result in denial of an application for licensure, revocation or
14 suspension of a license, or other disciplinary action by the
15 commission.

16 **SUBPART B. GAMING LICENSEE OPERATIONS**

17 § -351 **Conduct of gaming.** Gaming conducted by a gaming
18 licensee shall be subject to the following:

19 (1) Minimum and maximum wagers on games shall be set by a
20 gaming licensee; provided that the maximum permitted



1 wager for sportsbook gaming shall not exceed \$1,500
2 per event;

3 (2) No employee under twenty-one years of age shall
4 perform any function involved in gaming;

5 (3) No person under twenty-one years of age shall be
6 permitted to make a wager under this chapter; and

7 (4) All rules adopted by the commission.

8 § **-352 Training occupational licensees.** A gaming
9 licensee may:

10 (1) Train occupational licensees; or

11 (2) Enter into an agreement with another entity to train
12 occupational licensees;

13 provided that the training does not violate any other law or
14 rule.

15 **SUBPART C. GAMING LICENSEE FINANCIALS**

16 § **-375 Gaming licensee; audited statements.** (a) A
17 gaming licensee, at its own expense, shall submit to the
18 commission, within ninety days after the close of its fiscal
19 year, its annual financial statements and a report of an
20 independent certified public accountant who has prepared or
21 examined those statements. For good cause, the commission may



1 grant a gaming licensee an additional thirty days to file the
2 annual financial statements required by this section.

3 (b) The audited financial statements shall be prepared in
4 accordance with generally accepted accounting principles and the
5 examination by the independent certified public accountant shall
6 be performed in accordance with generally accepted auditing
7 standards.

8 (c) Except with the written approval of the commission, a
9 gaming licensee shall not be deemed in compliance with this
10 section if the independent certified public accountant expresses
11 a qualified or adverse opinion or a disclaimer of opinion. A
12 request for approval shall be filed by a gaming licensee
13 concurrently with the filing of the audited financial statements
14 and the independent certified public accountant's report. The
15 request shall be in letter form and shall contain arguments as
16 to why the audited financial statements and the independent
17 certified public accountant's report should be considered
18 acceptable. Failure to comply with this section shall authorize
19 the commission to order an independent audit at the expense of a
20 gaming licensee.



1 (d) Failure to furnish any report or information as and
 2 when required under this section shall be grounds for the
 3 commission to impose an administrative penalty of \$ per
 4 day for each day that the report or information is overdue. In
 5 addition, if the report or information is not filed within
 6 thirty days of the required deadline, the commission may
 7 prohibit a gaming licensee from accepting new business until the
 8 report or information is filed.

9 § -376 Gaming licensee; profits. (a) No later than
 10 thirty days after the submission of its annual financial
 11 statements, a gaming licensee shall make a payment to the
 12 commission equal to the licensee's gross profits for its
 13 previous fiscal year, multiplied by the percentage indicated in
 14 subsection (b).

15 (b) For purposes of the percentage in subsection (a), for
 16 the:

- 17 (1) First year of operation, seventy per cent;
- 18 (2) Second year of operation, sixty-five per cent;
- 19 (3) Third year of operation, sixty per cent;
- 20 (4) Fourth year of operation, fifty-five per cent;
- 21 (5) Fifth year of operation, fifty per cent;



- 1 (6) Sixth year of operation, forty-five per cent;
- 2 (7) Seventh year of operation, forty per cent;
- 3 (8) Eighth year of operation, thirty-five per cent;
- 4 (9) Ninth year of operation, thirty per cent;
- 5 (10) Tenth year of operation, twenty-five per cent;
- 6 (11) Eleventh year of operation, twenty per cent;
- 7 (12) Twelfth year of operation, fifteen per cent;
- 8 (13) Thirteenth year of operation, ten per cent; and
- 9 (14) Fourteenth year of operation, five per cent.

10 (c) The commission shall deposit all funds received under
11 this section into the wildfire fund established under
12 section 346- .

13 **PART IV. GAMING SUPPLIES**

14 **§ -401 Supplier license; when required.** No person shall
15 furnish in excess of \$500,000 worth of equipment, devices, or
16 supplies to a gaming licensee unless that person has first
17 obtained a supplier license under this chapter.

18 **§ -402 Supplier license; applications.** (a) The
19 commission may issue a supplier license to any person, firm, or
20 corporation that pays a nonrefundable application fee, as set by
21 the commission, upon a determination by the commission that the

1 applicant is eligible for a supplier license, and upon payment
2 by the applicant of a \$5,000 license fee.

3 (b) Supplier licenses shall be renewable annually upon
4 payment of the \$5,000 annual license fee and a determination by
5 the commission that the licensee continues to meet all
6 requirements of this part.

7 (c) A person, firm, or corporation shall be ineligible to
8 receive a supplier license if:

- 9 (1) Within the last ten years, the person has been
10 convicted of a felony under the laws of this State,
11 any other state, or the United States;
- 12 (2) The person has been convicted of any violation under
13 part III of chapter 712, or substantially similar laws
14 of another jurisdiction;
- 15 (3) The person has knowingly submitted an application for
16 a license under this chapter that contains false
17 information;
- 18 (4) The person is a member of the commission;
- 19 (5) The firm or corporation is one in which a person
20 described in paragraph (1), (2), (3), or (4) is an
21 officer, director, or managerial employee;



1 (6) The firm or corporation employs a person described in
2 paragraph (1), (2), (3), or (4) who participates in
3 the management or operation of gaming authorized under
4 this chapter; or

5 (7) A license issued to the person, firm, or corporation
6 under this chapter, or a license to own or operate any
7 gambling facility or online gambling in any other
8 jurisdiction, has been revoked.

9 (d) Any person who knowingly makes a false statement on an
10 application is guilty of a petty misdemeanor.

11 § -403 **Supplier requirements.** (a) Each licensed
12 supplier shall:

13 (1) Furnish to the commission a list of all equipment,
14 devices, and supplies offered for sale or lease in
15 connection with gaming authorized under this chapter;

16 (2) Keep books and records for the furnishing of
17 equipment, devices, and supplies to gaming operations
18 separate and distinct from any other business that the
19 supplier might operate;

20 (3) File quarterly returns with the commission listing all
21 sales and leases;



1 (4) Permanently affix its name to all its equipment,
2 devices, and supplies, used for gaming operations; and

3 (5) File an annual report listing its inventories of
4 gaming equipment, devices, and supplies.

5 (b) No gaming supplier shall distribute supplies and
6 equipment worth more than \$500,000 unless that distribution
7 conforms to standards adopted by the rules of the commission.

8 **PART V. GAMING OCCUPATIONS**

9 § -501 **Occupational license; required.** No individual
10 shall be employed by a gaming licensee without a valid
11 occupational license issued under this chapter.

12 § -502 **Occupational license; application.** (a) The
13 commission may issue an occupational license to an individual
14 upon:

15 (1) Submission of an application form prescribed by the
16 commission;

17 (2) Submission of two sets of the applicant's
18 fingerprints;

19 (3) The payment of a nonrefundable application fee set by
20 the commission. The amount of the fee shall be
21 sufficient to defray the costs associated with the



1 search and classification of fingerprints obtained by
2 the commission with respect to the application, and
3 any other expenses to process the application;

4 (4) A determination by the commission that the applicant
5 meets the requirements for an occupational license;
6 and

7 (5) Payment of an annual license fee in an amount set by
8 the commission.

9 (b) Each application for an occupational license shall be
10 on a form prescribed by the commission and shall contain all
11 information required by the commission. The form shall require
12 the disclosure of whether the applicant:

13 (1) Has been issued prior gambling-related licenses in any
14 jurisdiction;

15 (2) Has been issued a gambling-related license in any
16 other jurisdiction under any other name and, if so,
17 the name and the applicant's age at that time; and

18 (3) Has had a gambling-related license issued from any
19 other jurisdiction suspended, restricted, or revoked
20 and, if so, for what period of time.



1 (c) To be eligible for an occupational license, an
2 applicant shall:

3 (1) Be at least twenty-one years of age;

4 (2) Not have been convicted of a felony offense in any
5 jurisdiction or a crime involving dishonesty or moral
6 turpitude within the last ten years;

7 (3) Have demonstrated a level of skill or knowledge that
8 the commission determines to be necessary to operate
9 gaming; and

10 (4) Have met standards for the holding of an occupational
11 license, as provided in rules adopted by the
12 commission, including background inquiries and other
13 requirements.

14 (d) The commission may deny an application for an
15 occupational license because the applicant:

16 (1) Is unqualified to perform the duties required;

17 (2) Has failed to disclose or has stated falsely any
18 information called for in the application;

19 (3) Has been found guilty of a violation of this chapter;



1 (4) Previously had a gambling-related permit, license, or
2 application that was suspended, restricted, revoked,
3 or denied for just cause in any other jurisdiction; or

4 (5) For any other just cause.

5 (e) A person who knowingly makes a false statement on an
6 application for an occupational license shall be guilty of a
7 petty misdemeanor.

8 § -503 **Occupational license; term.** Any occupational
9 license issued under this part shall be valid for one year from
10 the date of issuance and shall be renewable annually upon
11 payment of the annual license fee and a determination by the
12 commission that the licensee continues to meet all of the
13 requirements of this chapter.

14 § -504 **Occupational license; suspension, revocation,**
15 **restriction.** The commission may suspend, revoke, or restrict
16 any occupational license:

17 (1) For any violation of this chapter;

18 (2) For any violation of the rules of the commission;

19 (3) For any cause which, if known to the commission, would
20 have disqualified the applicant from receiving an
21 occupational license;



1 (4) For default in the payment of any obligation or debt
2 due to the State or any county within the State; or

3 (5) For any other just cause.

4 **PART VI. MISCELLANEOUS PROVISIONS**

5 **§ -601 The state gaming fund; disposition of revenues**

6 **collected.** There is established within the state treasury the
7 state gaming fund to be administered by the commission into
8 which shall be deposited all fees received, fines collected, and
9 general excise tax revenues realized under section 237-31.

10 Moneys from the state gaming fund shall be used to fund:

11 (1) A compulsive gamblers assistance program under
12 section -603; and

13 (2) Administrative expenses of the commission;
14 provided that no more than one per cent of the tax revenues
15 collected in any fiscal year under section 237-13(9) shall be
16 expended to fund the administrative expenses of the commission.

17 **§ -602 Legislative oversight; assessments; audits. (a)**

18 After the first fiscal year of operation, the auditor shall
19 conduct a financial and social assessment of gaming operations.
20 Thereafter, the auditor shall conduct biennial financial and
21 social assessments of gaming operations. In conducting the



1 assessments, the auditor shall identify the financial impacts of
2 gaming on the state economy and social impacts of gaming upon
3 the community. The auditor shall submit a report of its
4 findings and recommendations to the legislature no later than
5 twenty days prior to the convening of the next regular session
6 after the initial and biennial assessments are completed.

7 (b) After the first full fiscal year of operation, the
8 auditor shall conduct a program and financial audit of the
9 Hawaii gaming commission. Thereafter, the auditor shall conduct
10 a program and financial audit every four years after the initial
11 audit is completed.

12 § -603 **Compulsive gambler assistance program.** The
13 commission shall create and implement a program to assist
14 individuals who are identified as compulsive gamblers and shall
15 train operational licensees to identify and monitor potential
16 compulsive gambling behavior."

17 SECTION 3. Chapter 346, Hawaii Revised Statutes, is
18 amended by adding a new section to part I to be appropriately
19 designated and to read as follows:

20 "§346- Wildfire fund; disposition of gaming profits.

21 (a) There is established within the state treasury the wildfire



1 fund to be administered by the department into which shall be
2 deposited the portion of the profits received by the Hawaii
3 gaming control commission under section -376.

4 (b) Subject to available funds, the department shall issue
5 grants to one or more nonprofit entities, which shall guarantee
6 that all the grant moneys shall be awarded to victims of
7 wildfire disasters that occurred in the State between July 1,
8 2023, and June 30, 2024."

9 SECTION 4. Chapter 712, Hawaii Revised Statutes, is
10 amended by adding a new section to part III to be appropriately
11 designated and to read as follows:

12 "§712- Gaming; exempted. This part shall not apply to
13 gaming as authorized by chapter ."

14 SECTION 5. Section 84-17, Hawaii Revised Statutes, is
15 amended by amending subsection (c) to read as follows:

16 "(c) The following persons shall file annually with the
17 state ethics commission a disclosure of financial interests:

18 (1) The governor, lieutenant governor, members of the
19 legislature, and delegates to the constitutional
20 convention; provided that delegates to the



- 1 constitutional convention shall only be required to
2 file initial disclosures;
- 3 (2) The directors and their deputies, the division chiefs,
4 the executive directors and the executive secretaries
5 and their deputies, the purchasing agents and the
6 fiscal officers, regardless of the titles by which the
7 foregoing persons are designated, of every state
8 agency and department;
- 9 (3) The permanent employees of the legislature and its
10 service agencies, other than persons employed in
11 clerical, secretarial, or similar positions;
- 12 (4) The administrative director of the State, and
13 assistants in the office of the governor and
14 lieutenant governor, other than persons employed in
15 clerical, secretarial, or similar positions;
- 16 (5) The hearings officers of every state agency and
17 department;
- 18 (6) The president, vice presidents, assistant vice
19 presidents, chancellors, and provosts of the
20 University of Hawaii and its community colleges;



- 1 (7) The superintendent, deputy superintendent, assistant
2 superintendents, complex area superintendents, state
3 librarian, and deputy state librarian of the
4 department of education;
- 5 (8) The administrative director and deputy director of the
6 courts;
- 7 (9) The members of every state board or commission whose
8 original terms of office are for periods exceeding one
9 year and whose functions are not solely advisory;
- 10 (10) Candidates for state elective offices, including
11 candidates for election to the constitutional
12 convention; provided that candidates shall only be
13 required to file initial disclosures;
- 14 (11) The administrator and assistant administrator of the
15 office of Hawaiian affairs;
- 16 (12) The Hawaii unmanned aerial systems test site chief
17 operating officer; ~~and~~
- 18 (13) The members of the school facilities board appointed
19 by the governor[-]; and
- 20 (14) The executive director, assistants, officers, and
21 employees of the Hawaii gaming control commission."



1 SECTION 6. 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



S.B. NO. 3376

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
14 section 237-4(a)(13), the tax shall be one-half
15 of one per 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
16 section 237-23(a)(1)) to the contrary. If, under
17 the Constitution and laws of the United States,
18 the 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



S.B. NO. 3376

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.

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



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
4 section 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~~] under
9 chapter 431, there is hereby levied and shall be
10 assessed and collected a tax equal to 0.15 per cent of
11 the commissions due to 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 gaming. Upon every person engaging or
11 continuing within the State in the business of gaming,
12 as authorized under chapter , the tax shall be
13 equal to per cent of the gross income of the
14 business.

15 [~~9~~] (10) Tax on other business. Upon every person
16 engaging or continuing within the State in any
17 business, trade, activity, occupation, or calling not
18 included in the preceding paragraphs or any other
19 provisions of this chapter, there is likewise hereby
20 levied and shall be assessed and collected, a tax
21 equal to four per cent of the gross income thereof.



1 In addition, the rate prescribed by this paragraph
2 shall apply to a business taxable under one or more of
3 the preceding paragraphs or other provisions of this
4 chapter, as to any gross income thereof not taxed
5 thereunder as gross income or gross proceeds of sales
6 or by taxing an equivalent value of products, unless
7 specifically exempted."

8 SECTION 7. Section 237-31, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§237-31 Remittances.** All remittances of taxes imposed by
11 this chapter shall be made by money, bank draft, check,
12 cashier's check, money order, or certificate of deposit to the
13 office of the department of taxation to which the return was
14 transmitted. The department shall issue its receipts therefor
15 to the taxpayer and shall pay the moneys into the state treasury
16 as a state realization, to be kept and accounted for as provided
17 by law; provided that:

18 (1) A sum, not to exceed \$5,000,000, from all general
19 excise tax revenues realized by the State shall be
20 deposited in the state treasury in each fiscal year to



1 the credit of the compound interest bond reserve fund;

2 [~~and~~]

3 (2) A sum from all general excise tax revenues realized by
4 the State that is equal to one-half of the total
5 amount of funds appropriated or transferred out of the
6 hurricane reserve trust fund under sections 4 and 5 of
7 Act 62, Session Laws of Hawaii 2011, shall be
8 deposited into the hurricane reserve trust fund in
9 fiscal year 2013-2014 and in fiscal year 2014-2015;
10 provided that the deposit required in each fiscal year
11 shall be made by October 1 of that fiscal year; [~~and~~]

12 (3) Commencing with fiscal year 2018-2019, a sum from all
13 general excise tax revenues realized by the State that
14 represents the difference between the state public
15 employer's annual required contribution for the
16 separate trust fund established under section 87A-42
17 and the amount of the state public employer's
18 contributions into that trust fund shall be deposited
19 to the credit of the State's annual required
20 contribution into that trust fund in each fiscal year,
21 as provided in section 87A-42] [~~-~~]; and



S.B. NO. 3376

1 (4) Two per cent of all general excise tax revenues
 2 realized by the State under section 237-13(9) shall be
 3 deposited into the state gaming fund, established
 4 under section -601."

5 SECTION 8. All initial appointments to the Hawaii gaming
 6 control commission shall be made within sixty days of the
 7 effective date of this Act.

8 SECTION 9. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 10. This Act shall take effect on July 1, 2024.

11

INTRODUCED BY: 

By Request



S.B. NO. 3376

Report Title:

Gambling; Gaming; Online; Poker; Sportsbook; Legalization

Description:

Authorizes a 10-year license for one entity to operate online poker and sportsbook betting. Establishes the Hawaii gaming control commission. Imposes wagering tax on gross receipts. Creates the state gaming fund and compulsive gambler assistance program. Allocates 70% of profits received by the State to certain wildfire victims with the percentage decreasing 5% each year.

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

