

STAND. COM. REP. NO.

398

Honolulu, Hawaii

FEB 12 2025

RE: S.B. No. 1569

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Economic Development and Tourism, to which was referred S.B. No. 1569 entitled:

"A BILL FOR AN ACT RELATING TO SPORTS WAGERING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow for the regulation of sports wagering by the Department of Business, Economic Development, and Tourism;
- (2) Establish licensing requirements for sports wagering operators and sports wagering suppliers;
- (3) Specify that sports wagering shall not be considered games of chance or gambling; and
- (4) Establish the Problem Gambling Prevention and Treatment Special Fund.

Your Committee received testimony in support of this measure from the Iron Workers Stabilization Fund; OPCMIA Local 630, AFL-CIO; DraftKings; BetMGM; Sports Betting Alliance; Hawaii Building and Construction Trades Council; and two individuals.



Your Committee received testimony in opposition to this measure from the Department of the Attorney General, Honolulu Police Department, Boyd Gaming, and two individuals.

Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Office of Information Practices; Department of Taxation; and Department of Budget and Finance.

Your Committee finds that nearly all sports wagers in Hawaii are placed online through websites in a robust illegal market, where sophisticated illegal operators capitalize on the popularity of this form of entertainment. To counteract these activities, thirty-nine states across the country are bringing sports wagering into a legal, regulated market that mandates robust and strong consumer protections. Your Committee notes that to create an effective, legal market, regulated operators must be able to compete with pricing from illegal, unregulated sportsbooks that do not face the same taxation and regulatory costs.

Your Committee believes that Hawaii must determine its future public policy objectives for gaming activities that will serve as a catalyst for economic activity, employment, investment, and tax revenues that will incorporate Hawaii's unique culture and bring much needed infrastructure throughout the State.

Your Committee recognizes the concerns raised regarding this measure, but nevertheless believes that it warrants further discussion.

Accordingly, your Committee has amended this measure by:

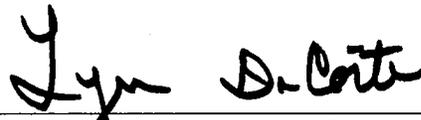
- (1) Deleting language that would have required a certain percentage of the general excise tax collected from licensed sports wagering operators to be deposited into the Problem Gambling Prevention and Treatment Special Fund and appropriating an unspecified amount of funds into the Special Fund instead;
- (2) Clarifying the penalties for unlicensed sports wagering;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and



- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1569, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1569, S.D. 1, and be referred to your Committees on Commerce and Consumer Protection and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Tourism,


LYNN DECOITE, Chair



