
A BILL FOR AN ACT

RELATING TO SHIPBOARD GAMING.

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

1 SECTION 1. Tourism is still the number one industry in
2 Hawaii as there is no other industry that can readily match its
3 capacity to generate continuing revenue. But Hawaii's struggle
4 in recent years to remain competitive with other "sun and sand"
5 resort destinations has challenged the legislature to look
6 beyond traditional means to attract mainland and global
7 visitors. It is imperative that Hawaii aggressively compete in
8 the world market.

9 In order to be competitive in the international market
10 place, Hawaii must offer some type of gaming entertainment.
11 Shipboard gaming would create a viable and unique visitor
12 experience while providing thousands of local jobs. In
13 addition, recent studies have shown that shipboard gaming would
14 generate hundreds of millions of dollars, thereby expanding the
15 State's economy.

16 The legislature has received a mandate from the electors of
17 the State of Hawaii to address the massive shortfall of revenue
18 that is threatening county and state programs and economic



1 growth. To maintain much needed social programs, guarantee
2 quality education, expand economic growth, and compete in the
3 global tourism market, the State should address these needs by
4 adopting shipboard gaming.

5 The purpose of this Act is to establish a regulatory
6 framework for the conduct of legal shipboard gaming in Hawaii.

7 SECTION 2. The Hawaii Revised Statutes is amended by
8 adding a new chapter to be appropriately designated and to read
9 as follows:

10 "CHAPTER

11 SHIPBOARD GAMING

12 § -1 **Legislative intent.** This chapter is intended to
13 benefit the people of the State of Hawaii by creating a new
14 revenue source, shipboard gaming, that will enhance investment,
15 development, and tourism in Hawaii. Because shipboard gaming
16 can be successful only if public confidence and trust in the
17 credibility and integrity of the gaming operations and the
18 regulatory process is maintained, this chapter strictly
19 regulates the facilities, persons, associations, and practices
20 related to gaming operations.

21 § -2 **Shipboard gaming authorized.** (a) Shipboard gaming
22 operations and the system of wagering incorporated therein, as



1 defined in this chapter, are authorized to the extent that they
2 are carried out in accordance with this chapter.

3 (b) Shipboard gaming pursuant to this chapter may be
4 conducted upon any territorial and archipelagic waters within
5 the State.

6 **§ -3 Definitions.** As used in this chapter unless the
7 context otherwise requires:

8 "Adjusted gross receipts" means the gross receipts less
9 winnings paid to wagerers.

10 "Board" means the Hawaii gaming board.

11 "Department" means the department of business, economic
12 development, and tourism.

13 "Director" means the director of business, economic
14 development, and tourism.

15 "Dock" means the location where a gaming ship moors for the
16 purpose of embarking passengers for, and disembarking passengers
17 from, a gaming excursion.

18 "Gaming excursion" means an outing during which gaming may
19 be operated on a ship licensed under this chapter.

20 "Gaming ship" means a vessel licensed under this chapter
21 that is of sufficient size to safely accommodate, in accordance
22 with state, federal, and international law, no fewer than one



1 thousand persons and shall be able to provide, at minimum, one
2 overnight accommodation per person, for the purpose of gaming
3 activity within the territorial and archipelagic waters of the
4 State.

5 "Gross receipts" means the total amount of money wagered or
6 exchanged for the purchase of chips, tokens, or electronic cards
7 by shipboard gaming patrons.

8 "Occupational license" means a license issued by the board
9 to a person or entity to perform an occupation that the board
10 has identified as requiring a license to engage in shipboard
11 gaming in Hawaii.

12 "Shipboard gaming" means the operation of games aboard a
13 ship licensed under this chapter, including but not limited to,
14 baccarat, twenty-one, poker, craps, slot machine, video game of
15 chance, roulette wheel, klondike table, punch-board, faro
16 layout, keno layout, numbers ticket, push card, jar ticket, pull
17 tab, or other game of chance that is authorized by the board as
18 a wagering device.

19 **§ -4 Hawaii gaming board.** (a) There is established
20 within the department, for administrative purposes only, the
21 Hawaii gaming board that shall administer, regulate, and enforce
22 the system of shipboard gaming established by this chapter. Its



1 jurisdiction shall extend to every person, association,
2 corporation, partnership, and trust involved in shipboard gaming
3 operations in the State.

4 (b) The board shall consist of three members to be
5 appointed by the governor with the advice and consent of the
6 senate under section 26-34. Of the three members, one shall be
7 appointed from a list of nominees submitted by the president of
8 the senate and one shall be appointed from a list of nominees
9 submitted by the speaker of the house of representatives. The
10 members shall elect one from among them to be the chairperson.

11 (c) The term of office of a board member shall be four
12 years. Vacancies in the board shall be filled for the unexpired
13 term in the same manner as the original appointments.

14 (d) Each member of the board shall receive \$300 for each
15 day the board meets, and for each day the member conducts any
16 hearing pursuant to this chapter. Each member shall also be
17 reimbursed for all actual and necessary expenses incurred in the
18 execution of official duties.

19 (e) No person shall be appointed a member of the board or
20 continue to be a member of the board if:

21 (1) The person or the person's spouse, child, or parent
22 is, an official of, or a person financially interested



1 in, or has a financial relationship with, any gaming
2 operation subject to the jurisdiction of the board; or

3 (2) The person has been convicted of, or is under
4 indictment for, a felony under the laws of Hawaii or
5 any other state, or the United States.

6 (f) No board member shall hold any other public office.

7 Any member of the board may be removed by the governor for
8 neglect of duty, misfeasance, malfeasance, or nonfeasance in
9 office.

10 **§ -5 Board members; bond requirement.** Before assuming
11 the duties of office, each member of the board shall take an
12 oath that the member shall faithfully execute the duties of
13 office according to the laws of the State and shall file and
14 maintain with the director a bond in the sum of \$25,000 with
15 good and sufficient sureties. The cost of any bond for any
16 member of the board under this section shall be considered a
17 part of the necessary expenses of the board.

18 **§ -6 Staff.** (a) The board shall appoint, without
19 regard to chapter 76, an administrator who shall perform any and
20 all duties that the board shall assign. The salary of the
21 administrator shall be determined by the board. The
22 administrator shall keep records of all proceedings of the board



1 and shall preserve all records, books, documents, and other
2 papers belonging to the board or entrusted to its care. The
3 administrator shall devote full time to the duties of the office
4 and shall not hold any other office or employment.

5 (b) The board may employ personnel, including personnel
6 with law enforcement authority, as may be necessary to carry out
7 its duties. No person shall be employed by the board who is, or
8 whose spouse, parent, or child is, an official of, or has a
9 financial interest in or financial relation with, any operator
10 engaged in gaming operations within this State. The employment
11 of any employee violating these prohibitions shall be
12 terminated.

13 **§ -7 Powers of the board.** The board shall have all
14 powers necessary and proper to fully and effectively supervise
15 all shipboard gaming operations, including but not limited to
16 the following:

17 (1) To determine the types and numbers of shipboard gaming
18 licenses to be permitted and the types and numbers of
19 ships a licensee may own under this chapter; provided
20 that the total number of ships operating under
21 licenses granted under this chapter shall not exceed
22 two;



- 1 (2) To adopt standards for the licensing of all persons
2 under this chapter, to issue licenses, and to
3 establish and collect fees for licenses;
- 4 (3) To provide for the collection of all fees and taxes
5 imposed pursuant to this chapter;
- 6 (4) To enter the office, gaming ships, facilities, or
7 other places of business of a licensee, where evidence
8 of the compliance or noncompliance with this chapter
9 is likely to be found;
- 10 (5) To investigate alleged violations of this chapter and
11 to take appropriate disciplinary action against a
12 licensee or a holder of an occupational license for a
13 violation, or institute appropriate legal action for
14 enforcement, or both;
- 15 (6) To be present through its inspectors and agents any
16 time gaming operations are conducted on any gaming
17 ship for the purpose of certifying the revenue
18 thereof, receiving complaints from the public, and
19 conducting such other investigations into the conduct
20 of the shipboard gaming and the maintenance of the
21 equipment as from time to time the board may deem
22 necessary and proper;



- 1 (7) To adopt appropriate standards for all gaming ships
2 and facilities, as well as for electronic or
3 mechanical gaming devices;
- 4 (8) To require that the records, including financial or
5 other statements of any licensee under this chapter,
6 be kept in a manner as prescribed by the board and
7 that any licensee involved in the ownership or
8 management of gaming operations submit to the board an
9 annual balance sheet and profit and loss statement, a
10 list of the stockholders or other persons having a ten
11 per cent or greater beneficial interest in the gaming
12 activities of each licensee, and any other information
13 the board deems necessary in order to effectively
14 administer this chapter;
- 15 (9) To conduct hearings, issue subpoenas for the
16 attendance of witnesses and subpoenas duces tecum for
17 the production of books, records, and other pertinent
18 documents, and to administer oaths and affirmations to
19 the witnesses, when, in the judgment of the board, it
20 is necessary to administer or enforce this chapter;
- 21 (10) To prescribe an employment application criteria to be
22 used by any licensee involved in the ownership or



1 management of shipboard gaming operations for hiring
2 purposes;

3 (11) To eject or exclude, or authorize the ejection or
4 exclusion of, any person from shipboard gaming
5 facilities where the person is in violation of this
6 chapter or where the person's conduct or reputation is
7 such that the person's presence within the gaming ship
8 facilities, in the opinion of the board, may call into
9 question the honesty and integrity of the shipboard
10 gaming operation or interfere with the orderly conduct
11 thereof; provided that the propriety of that ejection
12 or exclusion is subject to subsequent hearing by the
13 board;

14 (12) To permit licensees of gaming operations to utilize a
15 wagering system whereby gamers' money may be converted
16 to tokens, electronic cards, or chips which shall be
17 used only for wagering aboard the gaming ship;

18 (13) To approve the routes of a gaming ship and the stops a
19 gaming ship may make within the territorial and
20 archipelagic waters of the State;

21 (14) To suspend, revoke, or restrict licenses, to require
22 the removal of a licensee or an employee of a licensee



1 for a violation of this chapter or a board rule or for
2 engaging in a fraudulent practice;

3 (15) To impose and collect fines of up to \$5,000 against
4 individuals and up to \$10,000 or an amount equal to
5 the daily gross receipts, whichever is larger, against
6 licensees for each violation of this chapter, any
7 rules adopted by the board, any order of the board, or
8 any other action which, in the board's discretion, is
9 a detriment or impediment to shipboard gaming
10 operations;

11 (16) To hire employees to gather information, conduct
12 investigations, and carry out any other tasks
13 contemplated under this chapter;

14 (17) To establish minimum levels of insurance to be
15 maintained by licensees;

16 (18) To establish, after consultation with the United
17 States Army Corps of Engineers or the United States
18 Coast Guard, whichever is appropriate, binding
19 emergency orders upon the concurrence of a majority of
20 the members of the board regarding the navigability of
21 the territorial and archipelagic waters of the State



- 1 in the event of extreme weather conditions, acts of
2 God, or other extreme circumstances;
- 3 (19) To delegate the execution of any of its powers for the
4 purpose of administering and enforcing this chapter
5 and rules adopted under this chapter;
- 6 (20) To adopt necessary rules under chapter 91 to implement
7 this chapter; and
- 8 (21) To take any other action as may be reasonable or
9 appropriate to enforce this chapter and rules adopted
10 under it.

11 **§ -8 Meetings of the board.** The board shall hold at
12 least one meeting each quarter of the State's fiscal year. In
13 addition, special meetings may be called by the chairperson or
14 any two board members upon seventy-two hours written notice to
15 each member. All regular board meetings shall be subject to
16 chapter 92. Three members of the board shall constitute a
17 quorum, and a majority vote of the members present and
18 constituting a quorum shall be required for any final
19 determination by the board. The board shall keep a complete and
20 accurate record of all its meetings.

21 **§ -9 Annual report.** The board shall file a written
22 annual report with the governor and the legislature on or before



1 sixty days following the close of each fiscal year and make any
2 additional reports as the governor or the legislature may
3 request. The annual report shall include a statement of
4 receipts and disbursements by the board, actions taken by the
5 board, and any additional information and recommendations that
6 the board may deem valuable or that the governor or the
7 legislature may request.

8 **§ -10 Hearings by the board.** (a) Upon order of the
9 board, one of the board members or a hearings officer designated
10 by the board may conduct any hearing provided for under this
11 chapter or by board rule and may recommend findings and
12 decisions to the board. The board member or hearings officer
13 conducting the hearing shall have all powers and rights granted
14 to the board in this chapter. The record made at the time of
15 the hearing shall be reviewed by the board, or a majority
16 thereof, and the findings and decision of the majority of the
17 board shall constitute the order of the board in that case.

18 (b) Any party aggrieved by an action of the board denying,
19 suspending, revoking, restricting, or refusing to renew a
20 license may request a hearing before the board. A request for a
21 hearing shall be made to the board in writing within five days
22 after service of notice of the action of the board. Notice of



1 the action of the board shall be served either by personal
2 delivery or by certified mail, postage prepaid, to the aggrieved
3 party. Notice served by certified mail shall be deemed complete
4 on the business day following the date of the mailing. The
5 board shall conduct all requested hearings as required by
6 chapter 91.

7 **§ -11 Disclosure of records.** (a) Notwithstanding any
8 other law to the contrary, the board, on written request from
9 any person, shall provide information furnished by an applicant
10 or licensee concerning the applicant or licensee, or the
11 applicant's or licensee's products, services, or gaming
12 enterprises, and business holdings, as follows:

- 13 (1) The name, business address, and business telephone
14 number of any applicant or licensee;
- 15 (2) An identification of any applicant or licensee
16 including, if an applicant or licensee is not an
17 individual or partnership, the state of incorporation
18 or registration, the corporate officers, and the
19 identity of all shareholders or participants;
- 20 (3) An identification of any business, including, if
21 applicable, the state of incorporation or
22 registration, in which an applicant or licensee or an



1 applicant's or licensee's spouse or children has an
2 equity interest of more than five per cent. If an
3 applicant or licensee is a corporation, partnership,
4 or other business entity, the applicant or licensee
5 shall identify any other corporation, partnership, or
6 business entity in which it has an equity interest of
7 five per cent or more, including, if applicable, the
8 state of incorporation or registration;

9 (4) Whether an applicant or licensee has been convicted,
10 pleaded guilty or nolo contendere, or forfeited bail
11 concerning any criminal offense under the laws of any
12 jurisdiction, either felony or misdemeanor (except for
13 traffic violations), including the date, the name, and
14 location of the court, arresting agency, and
15 prosecuting agency, the case number, the offense, the
16 disposition, and the location and length of
17 incarceration;

18 (5) Whether an applicant or licensee has had any license
19 or certificate issued by a licensing authority in
20 Hawaii or any other jurisdiction denied, restricted,
21 suspended, revoked, or not renewed and a statement
22 describing the facts and circumstances concerning the



1 denial, restriction, suspension, revocation, or
2 nonrenewal, including the licensing authority, the
3 date each action was taken, and the reason for each
4 action;

5 (6) Whether an applicant or licensee has ever filed or had
6 filed against it a proceeding in bankruptcy or has
7 ever been involved in any formal process to adjust,
8 defer, suspend, or otherwise work out the payment of
9 any debt including the date of filing, the name and
10 location of the court, the case and number of the
11 disposition;

12 (7) Whether an applicant or licensee has filed, or been
13 served with a complaint or other notice filed with any
14 public body, regarding the delinquency in the payment
15 of, or a dispute over the filings concerning the
16 payment of, any tax required under federal, state, or
17 county law, including the amount, type of tax, the
18 taxing agency, and time periods involved;

19 (8) A statement listing the names and titles of all public
20 officials or officers of any unit of government, and
21 relatives of those public officials or officers who,
22 directly or indirectly, own any financial interest in,



1 have any beneficial interest in, are the creditors of
2 or hold any debt instrument issued by, or hold or have
3 any interest in any contractual or service
4 relationship with, an applicant or licensee;

5 (9) Whether an applicant or licensee has made any
6 political contribution, or any loans, donations, or
7 other payments, to any candidate for public office or
8 public office holder, within five years from the date
9 of filing the application, including the amount and
10 the method of payment;

11 (10) The name and business telephone number of any attorney
12 representing an applicant or licensee in matters
13 before the board;

14 (11) A description of any proposed or approved shipboard
15 gaming operation, including the type of ship, home
16 dock location, expected economic benefit to the
17 community, anticipated or actual number of employees,
18 statement from an applicant or licensee stating the
19 applicant or licensee is in compliance with federal
20 and state hiring and employment practices, projected
21 or actual admissions, and projected or actual adjusted
22 gross gaming receipts; and



1 (12) A description of the product or service to be supplied
2 by an applicant for a supplier's license.

3 (b) Notwithstanding any provision of law to the contrary,
4 the board, on written request from any person, shall also
5 provide the following information:

6 (1) The amount of the wagering tax and admission tax paid
7 daily to the State by the holder of an owner's
8 license;

9 (2) Whenever the board finds an applicant for an owner's
10 license unsuitable for licensing, a written
11 explanation of the reasons for the denial; and

12 (3) Whenever the board has refused to grant leave for an
13 applicant to withdraw an application, a copy of the
14 letter outlining the reasons for the refusal.

15 (c) Subject to the above provisions, the board shall not
16 disclose any information that would be barred by:

17 (1) Chapter 92F; or

18 (2) The statutes, rules, regulations, or intergovernmental
19 agreements of any jurisdiction.

20 (d) The board may assess fees for the copying of
21 information in accordance with chapter 92F.



1 **§ -12 Application for owner's license.** (a) A qualified
2 person may apply to the board for an owner's license to conduct
3 a shipboard gaming operation. The application shall be made on
4 forms provided by the board and shall contain information as the
5 board prescribes, including but not limited to:

6 (1) The identity of the ship on which the gaming operation
7 is to be conducted;

8 (2) The exact location where the ship will be docked or
9 anchored off-shore within the territorial and
10 archipelagic waters of the State;

11 (3) A certification that the ship will be registered under
12 this chapter at all times during which gaming
13 operations are conducted on board;

14 (4) Detailed information regarding the ownership and
15 management of the applicant; and

16 (5) Detailed personal information regarding the applicant,
17 including two sets of the applicant's fingerprints.

18 Information provided on the application shall be used as
19 the basis for a thorough background investigation which the
20 board shall conduct for each applicant. An incomplete
21 application shall be cause for denial of a license by the board.



1 (b) Applicants shall submit with their application all
2 documents, resolutions, and letters of support from the
3 governing body that represents the county wherein the licensee
4 will dock or anchor off-shore.

5 (c) Each applicant shall disclose the identity of every
6 person, association, trust, or corporation having a greater than
7 five per cent direct or indirect pecuniary interest in the
8 shipboard gaming operation for that which the license is sought.
9 If the disclosed entity is a trust, the application shall
10 disclose the names and addresses of the beneficiaries; if a
11 corporation, the names and addresses of all stockholders and
12 directors; if a partnership, the names and addresses of all
13 partners, both general and limited.

14 (d) An application fee of \$25,000 shall be paid at the
15 time of filing to defray the costs associated with the
16 background investigation conducted by the board and the search
17 and classification of fingerprints obtained by the board with
18 respect to the application. If the costs of the investigation
19 exceed \$25,000, the applicant shall pay the additional amount to
20 the board. If the costs of the investigation are less than
21 \$25,000, the applicant shall receive a refund of the remaining
22 amount. All information, records, interviews, reports,



1 statements, memoranda, or other data supplied to or used by the
2 board in the course of its review or investigation of an
3 application for a license shall be privileged, strictly
4 confidential, and used only for the purpose of evaluating an
5 applicant. The information, records, interviews, reports,
6 statements, memoranda, or other data shall not be admissible as
7 evidence, nor discoverable in any action of any kind in any
8 court or before any tribunal, board, agency, or person, except
9 for any action deemed necessary by the board.

10 (e) The licensed owner shall be the person primarily
11 responsible for the gaming ship itself. Only one shipboard
12 gaming operation may be authorized by the board on any gaming
13 ship. The applicant shall identify each ship that it intends to
14 use and certify that the gaming ship:

- 15 (1) Has the capacity required in this chapter;
16 (2) Is accessible to persons with disabilities; and
17 (3) Is fully registered and licensed in accordance with
18 any applicable laws.

19 (f) A person who knowingly makes a false statement on an
20 application shall be guilty of a petty misdemeanor.

21 **§ -13 Owner's licenses.** (a) No person shall operate
22 and maintain a gaming ship in this State unless the person has



1 first obtained an owner's license from the board pursuant to
2 this section. If the board finds that the applicant meets the
3 eligibility requirements, the board shall issue an owner's
4 license upon payment by the applicant of a \$15,000 license fee
5 for the first year of operation. An applicant shall be
6 ineligible to receive an owner's license if:

7 (1) The applicant; an officer, director, or managerial
8 employee of the applicant; or an employee who
9 participates in the management or gaming operations of
10 the applicant:

11 (A) Has been convicted of a felony under the laws of
12 this State, any other state, or the United
13 States;

14 (B) Has been convicted of any violation under part
15 III, chapter 712, or substantially similar laws
16 of another jurisdiction;

17 (C) Has submitted an application for a license under
18 this chapter that contains false information; or

19 (D) Is a member of the board;

20 (2) The applicant owns more than ten per cent of an entity
21 holding an owner's license issued under this chapter;
22 or



1 (3) A license of the applicant issued under this chapter,
2 or a license to own or operate gaming facilities in
3 any other jurisdiction, has been revoked.

4 (b) In determining whether to grant an owner's license to
5 an applicant, the board shall consider:

6 (1) The character, reputation, experience, and financial
7 integrity of the applicant and of any other or
8 separate person that either:

9 (A) Controls, directly or indirectly, the applicant;
10 or

11 (B) Is controlled, directly or indirectly, by the
12 applicant or by a person that controls, directly
13 or indirectly, the applicant;

14 (2) The facilities or proposed facilities for the conduct
15 of shipboard gaming;

16 (3) The highest prospective total revenue to be derived by
17 the State from the conduct of shipboard gaming;

18 (4) The financial ability of the applicant to purchase and
19 maintain adequate liability and casualty insurance; or

20 (5) Whether the applicant has adequate capitalization to
21 provide and maintain, for the duration of a license, a
22 shipboard gaming operation; and



1 (6) The extent to which the applicant exceeds or meets
2 other standards for the issuance of an owner's license
3 which the board may adopt by rule.

4 (c) In the application for an owner's license, the
5 applicant shall specify the dock at which the applicant's gaming
6 ship will be based, including but not limited to the pier at the
7 Aloha Tower Complex, and the area within the territorial and
8 archipelagic waters of the State on which the gaming ship will
9 operate. In determining the territorial and archipelagic waters
10 upon which an applicant's gaming ship will operate with
11 licenses, the board shall consider the economic benefit that
12 shipboard gaming confers on the State and shall seek to ensure
13 that all counties of the State share in the economic benefits of
14 shipboard gaming.

15 (d) In granting licenses, the board may give favorable
16 consideration to economically depressed areas of the State,
17 including but not limited to the area surrounding the Aloha
18 Tower Complex, to applicants presenting plans that provide for
19 significant economic development, applicants currently licensed
20 in other United States jurisdictions, and to applicants who
21 operated nongaming ships in Hawaii prior to the enactment of
22 this chapter. The board shall promptly review and determine



1 whether to grant all applications for owner's licenses and shall
2 promptly inform each applicant of the board's decision.

3 (e) The board may revoke the owner's license if a licensee
4 fails to begin regular shipboard gaming excursions within twelve
5 months of receipt of the license upon a finding by the board
6 that license revocation is in the best interest of the State.

7 (f) Licenses shall be issued for a one-year period and
8 shall be renewable annually upon payment of a \$5,000 license
9 renewal fee and a determination by the board that the licensee
10 continues to meet all of the requirements of this chapter.

11 (g) The board may authorize a licensee to own and operate
12 up to two gaming ships per owner's license.

13 (h) The board shall establish a process to facilitate and
14 expedite the approval of any other necessary licenses or
15 permits. The board may establish its own procedures for the
16 issuance of liquor licenses for any holder of an owner's license
17 under this chapter; provided that the applicant complies with
18 all state laws and county ordinances relating to liquor.

19 (i) Nothing in this chapter shall be interpreted to
20 prohibit a licensed owner from operating a school for the
21 training of any occupational licensee.



1 **§ -14 Bond of licensee.** Before an owner's license may
2 be issued, the licensee shall file with the department a bond in
3 the sum of \$200,000. The bond shall be used to guarantee that
4 the licensee faithfully makes the payments, keeps books and
5 records, makes reports, and conducts games of chance in
6 conformity with this chapter and the rules adopted by the board.
7 The bond shall not be canceled by a surety on less than thirty
8 days notice in writing to the board. If a bond is canceled and
9 the licensee fails to file a new bond with the board in the
10 required amount on or before the effective date of cancellation,
11 the licensee's license shall be revoked. The total and
12 aggregate liability of the surety on the bond is limited to the
13 amount specified in the bond.

14 **§ -15 Supplier's licenses.** (a) No person shall furnish
15 any equipment, device, or supplies to a licensed shipboard
16 gaming operation unless the person has first obtained a
17 supplier's license pursuant to this section. The board may
18 issue a supplier's license to any person, firm, or corporation
19 who pays a nonrefundable application fee of \$50,000 upon a
20 determination by the board that the applicant is eligible for a
21 supplier's license and upon payment by the applicant of a \$1,000
22 license fee. Supplier's licenses shall be renewable annually



1 upon payment of the \$1,000 annual license renewal fee and a
2 determination by the board that the licensee continues to meet
3 all of the requirements of this chapter.

4 (b) The holder of a supplier's license may sell or lease,
5 or contract to sell or lease, gaming equipment and supplies to
6 any licensee involved in the ownership or management of gaming
7 operations.

8 (c) Gaming supplies and equipment shall not be distributed
9 unless supplies and equipment conform to standards established
10 in rules adopted by the board.

11 (d) An applicant shall be ineligible to receive a
12 supplier's license if:

13 (1) The applicant; an officer, director, or managerial
14 employee of the applicant; or an employee of the
15 applicant who participates in the management or
16 operation of shipboard gaming;

17 (A) Has been convicted of a felony under the laws of
18 this State, any other state, or the United
19 States;

20 (B) Has been convicted of any violation under part
21 III, chapter 712, or substantially similar laws
22 of another jurisdiction;



- 1 (C) Has submitted an application for a license under
2 this chapter that contains false information; or
3 (D) Is a member of the board;
4 or
5 (2) The license of an applicant issued under this chapter,
6 or a license to own or operate gaming facilities in
7 any other jurisdiction, has been revoked.
8 (e) A licensed supplier shall:
9 (1) Furnish to the board a list of all equipment, devices,
10 and supplies offered for sale or lease in connection
11 with games authorized under this chapter;
12 (2) Keep books and records for the furnishing of
13 equipment, devices, and supplies to gaming operations
14 separate and distinct from any other business that the
15 supplier operates;
16 (3) File a quarterly return with the board listing all
17 sales and leases;
18 (4) Permanently affix its name to all its equipment,
19 devices, and supplies for gaming operations; and
20 (5) File an annual report listing its inventories of
21 gaming equipment, devices, and supplies.



1 (f) Any person who knowingly makes a false statement on an
2 application is guilty of a petty misdemeanor.

3 (g) Any gaming equipment, devices, or supplies provided by
4 any licensed supplier may either be repaired on the gaming ship
5 or removed from the gaming ship to a facility owned by the
6 holder of an owner's license for repair. Any licensed
7 supplier's equipment, devices, and supplies that are used by any
8 person in an unauthorized gaming operation shall be forfeited to
9 the State.

10 **§ -16 Occupational licenses.** (a) The board may issue
11 an occupational license to an applicant upon the payment of a
12 nonrefundable application fee as set by the board, upon a
13 determination by the board that the applicant is eligible for an
14 occupational license, and upon payment of an annual license fee
15 in an amount set by the board. To be eligible for an
16 occupational license, an applicant shall:

17 (1) Be twenty-one years of age or older if the applicant
18 will perform any function involved in gaming. Any
19 applicant seeking an occupational license for a
20 nongaming function shall be at least eighteen years of
21 age;



- 1 (2) Not have been convicted of a felony, or a similar
2 statute in any other jurisdiction, or a crime
3 involving dishonesty or moral turpitude; and
4 (3) Meet standards for holding of an occupational license
5 as provided by rules adopted by the board, including
6 background inquiries and other requirements similar to
7 those for an owner's license.

8 (b) Each application for an occupational license shall be
9 on forms prescribed by the board and shall contain all
10 information required by the board. The applicant shall set
11 forth in the application whether the applicant:

- 12 (1) Has been issued prior gaming-related licenses in any
13 other jurisdiction;
14 (2) Has been licensed in any other jurisdiction under any
15 other name, and, if so, the name and the applicant's
16 age at the time the license was issued; or
17 (3) Whether or not a permit or license issued to the
18 applicant in any other jurisdiction has been
19 suspended, restricted, or revoked and, if so, for what
20 period of time.

21 (c) Each applicant shall submit with the application two
22 sets of the applicant's fingerprints. The board shall charge



1 each applicant a fee to defray the costs associated with the
2 search and classification of fingerprints obtained by the board
3 with respect to the application.

4 (d) The board may refuse an occupational license to any
5 person:

6 (1) Who is unqualified to perform the duties required of a
7 licensee;

8 (2) Who fails to disclose or states falsely any
9 information called for in the application;

10 (3) Who has been found guilty of a violation of this
11 chapter or whose prior gaming-related license or
12 application therefor has been suspended, restricted,
13 revoked, or denied for just cause in any other
14 jurisdiction; or

15 (4) For any other just cause.

16 (e) The board may suspend, revoke, or restrict any
17 occupational licensee:

18 (1) For any violation of this chapter;

19 (2) For any violation of the rules of the board;

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



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

3 (5) For any other just cause.

4 (f) A person who knowingly makes a false statement on an
5 application is guilty of a petty misdemeanor.

6 (g) Any license issued pursuant to this section shall be
7 valid for a period of one year from the date of issuance and
8 shall be renewable annually upon payment of the annual license
9 renewal fee and a determination by the board that the license
10 continues to meet all of the requirements of this chapter.

11 (h) Any training provided for occupational licensees may
12 be conducted either on a licensed gaming ship or at a school
13 with which a licensed owner has entered into an agreement.

14 **§ -17 Conduct of gaming.** Gaming may be conducted by
15 licensed owners aboard gaming ships, subject to the following
16 standards:

17 (1) Gaming shall be permitted after a vessel departs and
18 no closer than one hundred yards from the dock;

19 (2) Minimum and maximum wagers on games shall be set by
20 the licensee;

21 (3) Agents of the board may board and inspect any gaming
22 ship at any time for the purpose of determining



1 compliance with this chapter. Every gaming ship, if
2 under way and being hailed by a law enforcement
3 officer or agent of the board, shall stop immediately
4 and lay to;

5 (4) Employees of the board may be present on the gaming
6 ship or on adjacent facilities under the control of
7 the licensee;

8 (5) Gaming equipment and supplies customarily used in
9 conducting shipboard gaming shall be purchased or
10 leased only from suppliers licensed under this
11 chapter;

12 (6) Persons licensed under this chapter shall permit no
13 form of wagering on games except as permitted by this
14 chapter;

15 (7) Wagers may be received only from a person present on a
16 licensed gaming ship. No person present on a licensed
17 gaming ship shall place or attempt to place a wager on
18 behalf of another person who is not present on the
19 gaming ship;

20 (8) Wagering shall not be conducted with money or other
21 negotiable currency, except for wagering on slot
22 machines;



- 1 (9) A person under age twenty-one shall not be permitted
2 in an area of a gaming ship where gaming is being
3 conducted, except for a person at least eighteen years
4 of age who is an employee of the shipboard gaming
5 operation. No gaming ship employee under age twenty-
6 one shall perform any function involved in gaming by
7 the patrons. No person under age twenty-one shall be
8 permitted to make a wager under this chapter;
- 9 (10) Gaming excursions shall be permitted only when the
10 territorial and archipelagic waters for which the ship
11 is licensed are navigable as determined by the board
12 in consultation with the United States Army Corps of
13 Engineers or the United States Coast Guard, as
14 appropriate;
- 15 (11) All tokens, chips, or electronic cards used to make
16 wagers shall be purchased from a licensed owner either
17 aboard a gaming ship or at an onshore facility that
18 has been approved by the board and that is located
19 where the gaming ship docks. The tokens, chips, or
20 electronic cards may be purchased by means of an
21 agreement under which the owner extends credit to the
22 patron. The tokens, chips, or electronic cards may be



1 used while aboard the gaming ship only for the purpose
2 of making wagers on authorized games; and

3 (12) In addition to the above, gaming shall be conducted in
4 accordance with all rules adopted by the board
5 pursuant to chapter 91.

6 **§ -18 Collection of amounts owing under credit**

7 **agreements.** Notwithstanding any other law to the contrary, a
8 licensed owner who extends credit to a shipboard gaming patron
9 is expressly authorized to institute a cause of action to
10 collect any amounts due and owing under the extension of credit,
11 as well as the owner's costs, expenses, and reasonable
12 attorney's fees incurred in collection; provided that all
13 collections activity be subject to state and federal fair debt
14 collection practices.

15 **§ -19 Wagering tax; rate; distribution.** A tax is

16 imposed on the adjusted gross receipts received from games
17 authorized under this chapter at the rate of per cent.

18 The tax imposed by this section shall be paid by the licensed
19 owner to the board no later than seven days following the last

20 day of each month in which the wagers were made and shall be

21 deposited into the state gaming fund pursuant to section -27.

22 The wagering tax imposed by this section shall be in lieu of all



1 other state taxes on gross or adjusted gross receipts including
2 taxes levied under chapters 237 and 239, except income taxes.

3 **§ -20 Licensed owners; records; reports; supervision.**

4 (a) A licensed owner shall keep books and records so as to
5 clearly show:

6 (1) The daily number of admissions and the amount of
7 admission tax payable each day;

8 (2) The total amount of gross receipts; and

9 (3) The total amount of adjusted gross receipts.

10 (b) The licensed owner shall furnish to the board on forms
11 designed and supplied for such purpose by the board reports and
12 information as the board may require with respect to its
13 activities.

14 (c) The books and records kept by a licensed owner are
15 government records and the examination, publication, and
16 dissemination of the books and records shall be subject to
17 chapter 92F.

18 **§ -21 Audit of licensee operations.** Within ninety days
19 after the end of each quarter of each fiscal year, the licensed
20 owner shall transmit to the board an audit of the financial
21 transactions and condition of the licensed owner's total
22 operations. All audits shall be conducted by certified public



1 accountants that are registered and licensed to practice in this
2 State and selected by the Board. The compensation for each
3 certified public accountant shall be paid directly by the
4 licensed owner to the certified public accountant.

5 **§ -22 Judicial review.** Jurisdiction and venue for the
6 judicial review of a final order of the board relating to
7 owner's, supplier's, occupational, shuttle service, or special
8 event licenses is vested in the circuit court of the appropriate
9 jurisdiction. A petition for judicial review of a final order
10 of the board shall be filed within thirty days after entry of
11 the final order.

12 **§ -23 Prohibited activities; penalty.** (a) A person
13 shall be guilty of a misdemeanor for any of the following:

- 14 (1) Intentionally operating a gaming ship where wagering
15 is used or is to be used without a license issued by
16 the board;
- 17 (2) Intentionally operating a gaming ship where wagering
18 is permitted other than in the manner authorized under
19 this chapter;
- 20 (3) Knowingly permitting a person under twenty-one years
21 to make a wager; or
- 22 (4) Knowingly violating section -17(12).



1 (b) A person wagering or accepting a wager at any location
2 outside the gaming ship is subject to the penalties in part III
3 of chapter 712.

4 (c) A person shall be guilty of a class C felony and, in
5 addition, shall be barred for life from gaming ships under the
6 jurisdiction of the board, if the person commits any of the
7 following acts:

8 (1) Offers, promises, or gives anything of value or
9 benefit to a person who is connected with a gaming
10 ship owner including but not limited to an officer or
11 employee of a licensed owner or holder of an
12 occupational license pursuant to an agreement or
13 arrangement or with the intent that the promise or
14 thing of value or benefit will influence the actions
15 of the person to whom the offer, promise, or gift was
16 made in order to affect or attempt to affect the
17 outcome of a gaming activity or to influence official
18 action of a member of the board;

19 (2) Solicits or knowingly accepts or receives a promise of
20 anything of value or benefit while the person is
21 connected with a gaming ship including but not limited
22 to an officer or employee of a licensed owner or



1 holder of an occupational license pursuant to an
2 understanding or arrangement or with the intent that
3 the promise or thing of value or benefit will
4 influence the actions of the person to affect or
5 attempt to affect the outcome of a gaming activity or
6 to influence official action of a member of the board;

7 (3) Cheats at a gaming activity;

8 (4) Manufactures, sells, or distributes any cards, chips,
9 dice, game, or device that is intended to be used to
10 violate this chapter;

11 (5) Alters or misrepresents the outcome of a gaming
12 activity on which wagers have been made after the
13 outcome is made sure but before it is revealed to the
14 players;

15 (6) Places a bet after acquiring knowledge, not available
16 to all players, of the outcome of the gaming activity
17 that is subject of the bet or to aid a person in
18 acquiring the knowledge for the purpose of placing a
19 bet contingent on that outcome;

20 (7) Claims, collects, or takes, or attempts to claim,
21 collect, or take, money or anything of value in or
22 from the games, with intent to defraud, without having



1 made a wager contingent on winning a gaming activity,
2 or claims, collects, or takes an amount of money or
3 thing of value of greater value than the amount won;
4 (8) Uses counterfeit chips or tokens in a gaming activity;
5 or
6 (9) Possesses any key or device designed for the purpose
7 of opening, entering, or affecting the operation of a
8 gaming activity, drop box, or an electronic or
9 mechanical device connected with the gaming activity
10 or for removing coins, tokens, chips, or other
11 contents of a gaming activity. This paragraph shall
12 not apply to a gaming licensee or employee of a gaming
13 licensee acting within the scope of the employee's
14 employment.

15 (d) An action to prosecute any crime occurring during a
16 gaming excursion shall be tried in the county of the dock at
17 which the gaming ship is based.

18 **§ -24 Forfeiture of property.** (a) Except as provided
19 in subsection (b), any gaming ship used for the conduct of
20 gaming in violation of section -17, shall be subject to
21 section 712-1222.5. Every gaming device found on a ship



1 operating games in violation of this chapter shall be subject to
2 seizure, confiscation, and destruction.

3 (b) It is not a violation of this chapter for a vessel
4 that is licensed for gaming by a foreign nation or another state
5 or territory of the United States to dock in the State if the
6 State has granted permission for docking; provided that no
7 gaming is conducted on the vessel while it is docked in the
8 State or traversing in the territorial and archipelagic waters
9 of the State. No gaming device shall be subject to seizure,
10 confiscation, or destruction if the gaming device is located on
11 such a vessel.

12 **§ -25 Prohibited activities; civil penalties.** Any:

13 (1) Person who conducts a gaming operation without first
14 obtaining an owner's license, or who continues to
15 conduct gaming operations after revocation of the
16 person's owner's license; or

17 (2) Licensee who conducts or allows to be conducted any
18 unauthorized games on a ship where it is authorized to
19 conduct its shipboard gaming,

20 in addition to other penalties provided, shall be subject to a
21 civil penalty equal to the amount of gross receipts derived from
22 wagering on games in violation of this section, as well as



1 confiscation and forfeiture of all gaming equipment used in the
2 conduct of games in violation of this section.

3 **§ -26 Criminal history record information.** Whenever the
4 board is authorized or required by law to consider a person's
5 criminal history for the purpose of carrying out its statutory
6 powers and responsibilities, upon request from the board, the
7 Hawaii criminal justice data center shall furnish criminal
8 history record information contained in its files.

9 **§ -27 State gaming fund; disposition of taxes collected.**

10 (a) There is established within the state treasury the state
11 gaming fund, into which shall be deposited all fees, taxes, and
12 fines collected under this chapter, and which shall be used for
13 expenses incurred for the administration and enforcement of this
14 chapter. All amounts exceeding per cent of the total
15 collections in each fiscal quarter shall be deposited to the
16 credit of the state general fund.

17 (b) In addition to the annual report required under
18 section -9, the board shall submit to the legislature no less
19 than twenty days prior to the convening of each regular session,
20 a comprehensive financial report detailing:

21 (1) The revenues collected from the taxes, fees, and fines
22 imposed under this chapter; and



1 (2) The amounts allocable to administrative and
2 enforcement costs.

3 **§ -28 Legislative oversight.** (a) Beginning with the
4 second fiscal year after gaming activities commence, the auditor
5 shall conduct a biennial financial and social assessment of
6 shipboard gaming operations. In conducting the assessment, the
7 auditor shall identify the financial impacts of shipboard gaming
8 on the State's economy and the social impacts of gaming upon
9 persons in the State. The auditor shall submit a report of its
10 findings and recommendations to the legislature no later than
11 twenty days prior to the convening of the next regular session
12 after the biennial assessment is completed.

13 (b) Beginning with the second fiscal year after gaming
14 activities commence, the auditor shall conduct a program and
15 financial audit of the Hawaii gaming board. Thereafter, the
16 auditor shall conduct a program and financial audit every four
17 years after the first audit is completed."

18 SECTION 3. Section 36-30, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) Each special fund, except the:

21 (1) Transportation use special fund established by section
22 261D-1;



- 1 (2) Special out-of-school time instructional program fund
- 2 under section 302A-1310;
- 3 (3) School cafeteria special funds of the department of
- 4 education;
- 5 (4) Special funds of the University of Hawaii;
- 6 (5) State educational facilities improvement special fund;
- 7 (6) Special funds established by section 206E-6;
- 8 (7) Aloha Tower fund created by section 206J-17;
- 9 (8) Funds of the employees' retirement system created by
- 10 section 88-109;
- 11 (9) Unemployment compensation fund established under
- 12 section 383-121;
- 13 (10) Hawaii hurricane relief fund established under section
- 14 431P-2;
- 15 (11) Convention center enterprise special fund established
- 16 under section 201B-8;
- 17 (12) Hawaii health systems corporation special funds and
- 18 the subaccounts of its regional system boards;
- 19 (13) Tourism special fund established under section 201B-
- 20 11;
- 21 (14) Universal service fund established under section 269-
- 22 42;



- 1 (15) Emergency and budget reserve fund under section 328L-
2 3;
- 3 (16) Public schools special fees and charges fund under
4 section 302A-1130;
- 5 (17) Sport fish special fund under section 187A-9.5;
- 6 (18) Center for nursing special fund under section 304A-
7 2163;
- 8 (19) Passenger facility charge special fund established by
9 section 261-5.5;
- 10 (20) Court interpreting services revolving fund under
11 section 607-1.5;
- 12 (21) Hawaii cancer research special fund;
- 13 (22) Community health centers special fund;
- 14 (23) Emergency medical services special fund;
- 15 (24) Rental motor vehicle customer facility charge special
16 fund established under section 261-5.6; ~~and~~
- 17 (25) Shared services technology special fund under section
18 27-43 [7]; and
- 19 (26) State gaming fund under section -27;
- 20 shall be responsible for its pro rata share of the
21 administrative expenses incurred by the department responsible
22 for the operations supported by the special fund concerned."



1 SECTION 4. Section 712-1222.5, Hawaii Revised Statutes, is
2 amended by amending subsection (3) to read as follows:

3 "(3) This section shall not apply to gambling activity
4 conducted during travel from foreign nations or another state or
5 territory of the United States to the point of first entry into
6 state waters or during travel to foreign nations or another
7 state or territory of the United States from the point of final
8 exit from state waters; provided that nothing herein shall
9 preclude prosecution for any offense under this part.

10 This part shall not apply to gaming activity authorized on
11 ships licensed under chapter ."

12 SECTION 5. If any person commences a proceeding in any
13 court of competent jurisdiction to extend any provision of this
14 Act to allow shipboard gaming as defined in this Act on any
15 land, on or in any building, structure, or improvement attached
16 to or on land within the jurisdiction of the State, or if any
17 person contests, challenges, or defends against any prosecution
18 or claim that no provision of this Act allows shipboard gaming
19 as defined in this Act on any land, on or in any building,
20 structure, or improvement attached to or on land within the
21 jurisdiction of the State, the commencement of the proceeding,
22 prosecution, or claim shall be deemed to be public notice that



1 this Act shall be repealed on the date that a court of competent
2 jurisdiction issues a final order that would allow shipboard
3 gaming on land, on or in any building, structure, or improvement
4 attached to or on land.

5 This Act shall be repealed on the date that a court of
6 competent jurisdiction issues a final order that would allow
7 shipboard gaming on land, on or in any building, structure, or
8 improvement attached to or on land.

9 SECTION 6. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$ or so much thereof
11 as may be necessary for fiscal year 2011-2012 and the same sum
12 or so much thereof as may be necessary for fiscal year 2012-2013
13 for the department of business, economic development, and
14 tourism for the purposes of implementing this Act.

15 The sums appropriated shall be expended by the department
16 of business, economic development, and tourism for the purposes
17 of this Act.

18 SECTION 7. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 8. This Act shall be repealed on December 31,
21 2012, if the governor has not issued the proclamation.



Report Title:

Shipboard Gaming

Description:

Establishes regulatory framework for licensed shipboard gaming in state waters. (HB1651 HD1)

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

