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Executive Director Victor Geminiani, Esq.

Date: February 21, 2013

- To: Representative Sylvia Luke, House Committee on Finance Chair
- From: Gavin Thornton, Deputy Director Hawai`i Appleseed Center for Law and Economic Justice
- Re: Testimony in support of HB343 Scheduled for a hearing on February 22, 2013

Dear Chair Luke and committee members;

Thank you for an opportunity to testify in support of HB343, which would ensure that slot machine-like gambling devices are not permitted in Hawai'i. The Hawai'i Appleseed Center for Law and Economic Justice advocates on behalf of low-income people in Hawai'i to help them gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Hawai'i Appleseed has reviewed a wealth of studies regarding the effects of gambling, and we have completed a report that analyzes the likely impact of the introduction of gambling to Hawai'i.¹ The report concludes that legalized gambling would be harmful to Hawai'i for a host of reasons, including the following:

- Gambling has a disproportionate negative impact on low-income people, who spend higher percentages of their income on gambling than other segments of the population.
- Gambling establishments have been empirically shown to increase the rates of serious crime including rape, robbery, aggravated assault, burglary, larceny, and auto theft.
- The introduction of gambling cannibalizes existing, healthy businesses, funneling money that would have otherwise been spent on goods and services that help to bolster our economy into slot machines.
- The presence of gambling tends to increase problem or pathological gambling, which is associated with a variety of social problems including job loss, substance abuse, divorce, child abuse and neglect, domestic violence, and homelessness.

Because of these problems and others, Hawai'i does not allow any form of gambling, and the legislature has repeatedly rejected efforts to legalize gambling. Unable to legitimize gambling through the legislative process,

¹ The full report, *Gambling With Paradise*, which includes citations to the many studies supporting our conclusions, is available at <u>http://hiappleseed.org/gambling-paradise</u>.

Hawai'i Appleseed Center for Law and Economic Justice February 21, 2013 Page 2 of 2

those who are interested in spreading gambling to our state are trying to exploit what they believe to be a loophole in Hawai'i's anti-gambling law in order to introduce slot machines here. HB343 seals up that potential loophole, and ensures that Hawai'i remains free of gambling and its terrible side-effects.

Again, thank you for providing us with an opportunity to testify in support of HB343.

Aloha, Keland

Gavin Thornton Deputy Director

Hawai'i Coalition Against Legalized Gambling

1124 Fort Street Mall, Suite 209 Honolulu, Hi 96813

Member Organizations

Advocates for Consumer Rights Animal Rights Hawaii **Buddhist Peace Fellowship** Christian Voice of Hawaii Church of Jesus Christ of Latterday Saints Church of Perfect Liberty Common Cause Hawaii **Disciples of Christ** Hale Kipa Hawaii Appleseed Center for Law & Economic Justice Hawaii Assemblies of God Hawaii Association of International Buddhists Hawaii Christian Coalition Hawaii Conference of Seventh-day Adventists Hawaii Conference of the United Church of Christ (UCC) Hawaii District United Methodist Church Hawaii Family Forum Hawaii Pacific Baptist Convention Hawaii Rainbow Coalition Hawaii Religions for Peace Hawaii Youth Services Network Honolulu Friends Meeting (Quakers) Honolulu Police Department Institute for Religion and Social Change The Interfaith Alliance Hawaii Kokua Council League of Women Voters of Hawaii Life of the Land (Hawaii) Dr. Martin Luther King, Jr. **Coalition Hawaii** Mestizo Association Muslim Association & Islamic Center of Hawaii Pacific Gateway Center Presbytery of the Pacific Saints Constantine & Helen Greek Orthodox Church Smart Business Hawaii Soto Zen Mission of Hawaii **Temple Emanu-El** Windward Coalition of Churches The Woman's Board of Missions for the Pacific Islands (UCC)

Cooperating Organizations

Catholic Charities Hawaii Catholic Diocese of Honolulu Chamber of Commerce of Honolulu Hawaii Bankers Association Hawaii Business Roundtable Hawaiian Humane Society Hawaii State PTSA COMMITTEE ON FINANCE Rep. Sylvia Luke, Chair Rep. Scott Y. Nishimoto, Vice Chair Rep. Aaron Ling Johanson, Vice Chair Friday, February 22, 2013 1:30 P.M. Conference Room 308

My name is Tom Kay. I am legal counsel for the Hawaii Coalition Against Legalized Gambling. HCALG is in favor of HB 343, HD1 which amends section 712-1220 of the Hawaii Revised Statutes to make clear that sweepstakes gambling using computers or electronic machines is illegal under Hawaii law.

During the past several years internet sweepstake gambling has proliferated in states on the mainland and is now in Hawaii. The sweepstake machines and computers allow patrons to play casino type games including poker, blackjack, and slots. *Business Week* estimated their revenue in 2011 to be in excess of eleven billion dollars.

Manufacturers, distributors, and operators claim that they are operating legal sweepstakes games, promoting products such as discount coupons, or services such as internet time, and that the patrons are receiving free play by buying the products or services. However, patrons are paying to play the Casino games to win money.

The amendments to section 712-1220 of the Hawaii Revised Statutes in HB 343, HD 1 establish that patrons are gambling illegally when they pay money to play casino games on machines or computers with the chance to win a prize or cash while they are supposedly buying goods or services.

Enacting HB 343, HD1 to amend section 712-1220 of the Hawaii Revised Statutes will greatly assist law enforcement agencies as they eradicate this form of illegal gambling from our state.



Email to: FINTestimony@Capitol.hawaii.gov Hearing on: Friday, February 22, 2013 @ 1:30 p.m. Conference Room #308

DATE: February 20, 2013

- TO: House Committee on Finance Rep. Sylvia Luke, Chair Rep. Scott Nishimoto, Vice Chair Rep. Aaron Johanson, Vice Chair
- **FROM:** Eva Andrade, Executive Director
- RE: Support for HB 343 HD 1 Relating to Gambling Offenses

Mahalo for the opportunity to testify in support of this measure. I am Eva Andrade, **representing the Hawaii Family Forum**. Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii, representing a network of various Christian Churches and various faith groups. We support this bill that would amend the definitions in gambling activities on machines that offer payouts.

As you know, Hawaii Family Forum has been consistently opposed to any form of legalized gambling in the state. We remain proud that Hawaii is among only two States (Utah is the other one) in the nation where all forms of gambling remain illegal.

We support this particular measure because we want to ensure that any promotion of gameplay on machines that offer "payouts" are clearly classified as gambling so there is no confusion in establishments that promote these illegal activities.

Mahalo for the opportunity to testify.



ONLINE SUBMITTAL Hearing on Friday, February 22, 2013 @ 1:30 p.m. Conference Room #308

DATE: February 20, 2013

- TO: House Committee on Finance Rep. Sylvia Luke, Chair Rep. Scott Nishimoto, Vice Chair Rep. Aaron Johanson, Vice Chair
- **FROM:** Walter Yoshimitsu

RE: Support for HB 343 HD 1 Relating to Gambling Offenses

I am Walter Yoshimitsu, <u>representing the Hawaii Catholic Conference</u>. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii under the leadership of Bishop Larry Silva. We support this bill that amends definitions in the gambling laws to address gambling activities offered incident to the purchase of goods or services.

Our understanding is that there are establishments here in Hawaii that allow gameplay on machines that offer some form of payout and then make the claim that this is not a form of electronic gambling. We support this bill because we want to make clear that utilizing any form of electronic means, including a computer for sweepstakes, is illegal. We do, however, leave the language of the law and its application to the legal community.

Mahalo for the opportunity to testify.

Rep. Sylvia Luke, Chair Rep. Scott Y. Nishimoto, Vice Chair Rep. Aaron Ling Johanson, Vice Chair Committee on Finance

Friday, February 22, 2013, 1:30pm, Conference Room 308

RE: Opposition to HB 343, Relating to Gambling Offenses

I am a partner in PJY Enterprises, LLC, a local small business that distributes the Products Direct Sweepstakes terminals. These are legitimate promotions for legitimate products (similar to Publishers Clearing House, Reader's Digest Sweepstakes, Pepsi Billion Dollar Sweepstakes and McDonalds Monopoly), and are designed to generate enthusiasm and entice customers to enter drawings or games of chance that are tied to product or service awareness. It is unfair to "criminalize" business promotions simply because the game of chance involves fun casino type games that Hawaii residents enjoy. Instead, you should criminalize the numerous promotions that are not connected with legitimate products. If you must pass a bill, please revise it to allow those legitimate promotions that comply with the following requirements:

(a) The game promotion is conducted or offered in connection with the sale, promotion, or advertisement of a **bona fide** product or service, or to enhance the brand or image of a supplier of **bona fide** consumer products or services;

(b) No purchase payment, entry fee, or proof of purchase is required as a condition of entering the game promotion or receiving something of value;

(c) All materials advertising the game promotion clearly disclose that no purchase or payment is necessary to enter and provide details on the free method of participation; and

(d) In cases where electronic devices are used as the revealing mechanism, they should not be allowed to be connected to a server (such as in the case of the devices used by "internet sweepstakes cafes"), which may allow the possibility of manipulating the outcomes of the games of chance, and/or the payouts, while a customer is "actively engaged" in the playing phases of the games of chance, which are used as the revealing mechanisms. There are systems currently being operated in this State, and else where that have this capability.

(e) In cases where a "service" or usage time is the "product" being sold or promoted, make it mandatory that any "usage time" or "privilege to use and/or operate" or "credits accumulated" by the customers when purchases are made in conjunction with the operation/use of any sweepstakes device, be allowed to transferred or sold to any other person; if the customers chooses. There are several sweepstakes devices being operated which sell enormous amounts of "usage time" or "privilege to use and/or operate" or "credits that are allowed to be accumulated, but they do not provide any means for the customer to retain the excess "usage time" or "privilege to use and/or operate" or "credits that are allowed to be accumulated, but they do not provide that are allowed to be accumulated; meaning there is NO data base to that either the customer or the seller can use to retain or account for their purchases. Because the customers are allowed to/encouraged to

purchase these enormous amounts of "usage time" or "privilege to use and/or operate" or "credits that are allowed to be accumulated, the customer has to be given the "right" to sell or transfer their "usage time" or "privilege to use and/or operate" or "credits that are allowed to be accumulated, for the simple fact, that they have paid for the privileges that their purchases are supposed to provide.

An important fact to note, is that PJY Enterprises, LLC and its' customers, currently provide legitimate employment to in excess of 220 people in this State.

I respectfully oppose the passing of HB 343 and bills similar to this.

Thank you for this opportunity to testify.

Tracy T. Yoshimura

From:	Doug Farrar [winwithdoug@gmail.com]
Sent:	Thursday, February 21, 2013 3:30 PM
То:	Rep. Sylvia Luke; FINTestimony
Subject:	Opposition HB343

To Whom It May Concern,

I am part of the sweepstakes community in Hawaii. I stand in opposition of HB 343.

HB 343 is targeting legitimate tax paying businesses. These businesses creates jobs and safe environments for not only the workers but also the customers. We the people should not criminalize business promotions simply because of the game of chance with casino type games. These games of chance for products are similar to Publishers Clearing House, Reader's Digest Sweepstakes, Pepsi Billion Dollar Sweepstakes and McDonalds Monopoly, which all create enthusiasm through out the community and stimulates the economy.

Instead of focusing all this time on legitimate tax paying businesses, we the people should be focusing on bigger issues such as illegal gambling rooms that have and promote various types of paraphernalia. Along with the illegal gambling rooms through out the state, there is also a LARGE community for illegal chicken fighting, which people not only gamble at but also abuse animals. Both are against the law and are large communities. The continuing abuse and maltreatment of innocent animals is not only preposterous but disturbing knowing that our officials focus their time on legitimate businesses while there are large criminalized activities continuing on in our neighborhoods.

My solution is to focus more of our governments TIME and MONEY on STOPPING the illegal gambling rooms and STOP illegal chicken fighting. To stop wasting not our time and money on trying to criminalize legitimate businesses, and refocus the attention to the criminals in our neighborhoods and backyards with ILLEGAL gambling rooms and chicken fights.

I respectfully oppose the passage of HB 343 HD1 or alternatively ask that this Committee consider the above solution. Thank you for the opportunity to testiy.

Doug Farrar Jr VP of Business Expansion Entrepreneur Creator Cell: 808-216-7685 Office: 808-234-7428 Fax: 808-235-2092

From: Sent: To: Subject: D N [originalgraphics.hi@gmail.com] Thursday, February 21, 2013 11:45 AM FINTestimony Fwd:

----- Forwarded message -----From: **D** N Date: Monday, February 11, 2013 Subject: To: reprhoads@capitol.hawaii.gov

To whom it may concern,

I am in opposition of HB343 pertaining to sweepstakes machines. I have been a customer at lucky touch since they opened over a year ago. I feel that places like lucky touch and the various other sweepstakes outlets are merely providing another way for adults to enjoy them selves in a safe and friendly environment and you don't need money to play being that there's no purchase necessary! To me its just like playing monopoly at MC Donald's or entering a Vacations Hawaii sweepstakes to las Vegas! It also seems that these sweepstakes establishments are providing work for a lot of people who might otherwise (like some less fortunate to have a job) end up on government assistance. Ive been on government assistance before and I'm not proud of that but i am fortunate to have a job at the moment which allows me to provide for my family and for that i am extremely grateful, the same way i believe places like lucky touch and other sweepstakes establishments are giving people jobs and a means to provide for their families. But i can imagine how having your job and livelihood on the debate to be possibly terminated must feel scary. These sweepstakes establishments also allows people to be productive citizens by contributing to our economy! So in closing i would just like to say that i enjoy going home from work freshening up and heading down to lucky touch arcade for a couple hours of fun! plus i don't drink alcohol or smoke cigarettes so this really is my only form of entertainment! So please allow these sweepstakes businesses to continue providing jobs and contributing to our economy and also providing a place where adults like myself can have a little fun!

From:	roderick tuliao [rickyboy022@gmail.com]
Sent:	Thursday, February 21, 2013 12:26 PM
To:	FINTestimony
Subject:	HB 343

To whom it may concern,

I am Roderick Tuliao a current part time employee for one of many sweepstakes establishments and i am avidly opposed to HB 343. As a single parent and living in Hawaii where cost of living is high it is almost essential that 2 jobs are necessary in order to provide for my self and my family. These establishments has offered me an opportunity to better not just my life but also to help better and give my son and family the opportunity that others may not give. Therefore HB 343 directly threatens the well being of both mine and other Hawaii's citizens that depends on supplementary income to provide for ones family.

Thanks, Roderick Tuliao

From: Sent: To: Subject: Polynikes [ckk_2001@yahoo.com] Thursday, February 21, 2013 10:26 AM FINTestimony; Rep. Sylvia Luke HB 343

Rep. Sylvia Luke, Chair Rep. Scott Y. Nishimoto, Vice Chair Rep. Aaron Ling Johanson, Vice Chair Committee on Finance

Friday, February 22, 2013, 1:30pm, Conference Room 308

I support PJY Enterprises, LLC, a local small business that distributes the Products Direct Sweepstakes terminals. These are legitimate promotions for legitimate products (similar to Publishers Clearing House, Reader's Digest Sweepstakes, Pepsi Billion Dollar Sweepstakes and McDonalds Monopoly), and are designed to generate enthusiasm and entice customers to enter games of chance that are tied to creating awareness of and purchasing Hawaii products, such as coffee, sunglasses, t-shirts, etc. HB 343 HD1 actually criminalizes any business promotion that involves free entry into a game of chance with the purchase of an item or service. This would likely criminalize well known and well established promotions, such as McDonalds Monopoly, Publishers Clearing House, Reader's Digest Sweepstakes and other contests.

Instead of targeting legitimate business promotions, perhaps you should criminalize those promotions that are not connected with legitimate products. I respectfully ask that, if you pass this measure, you revise it to only criminalize promotions that do NOT comply with the following requirements:

(a) The game promotion is conducted or offered in connection with the sale, promotion, or advertisement of a bona fide product or service, or to enhance the brand or image of a supplier of bona fide consumer products or services. An item is not bona fide if it is offered at a price that is disproportionate to the value of the item purchased.

(b) No purchase payment, entry fee, or proof of purchase is required as a condition of entering the game promotion or receiving something of value;

(c) The chance to win by free play must be offered from the same pool from which the chance to win via purchase is drawn.

(d) All materials advertising the game promotion clearly disclose that no purchase or payment is necessary to enter and provide details on the free method of participation;

(e) In cases where electronic devices are used as the revealing mechanism, they should not be connected to a server (such as in the case of the devices used by internet sweepstakes cafes), which allows the possibility of manipulating the outcomes of the games of chance, and/or the payouts, while a customer is playing the games of chance. (There are systems currently being operated in this State, and elsewhere that have this capability.); and

(f) In cases where a "service" or usage time is being sold or promoted, any usage time, privilege to use and/or operate or credits accumulated by the customers must be allowed to be transferred or sold to any other person. (There are several sweepstakes devices being operated which sell enormous amounts of usage time, privilege to use and/or operate or credits that are allowed to be accumulated, but they do not provide any means for the customer to retain any excess; meaning there is NO data base that either the customer or the seller can use to retain or account for their purchases.)

I respectfully oppose the passage of HB 343 HD1 or alternatively ask that this Committee consider the above amendments. Thank you for the opportunity to testify.

Clarence S. K. Kekina 808-220-0789

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From:	Kevin Kunz [kunzjr.kevin@gmail.com]
Sent:	Thursday, February 21, 2013 12:16 PM
То:	Rep. Sylvia Luke; FINTestimony
Subject:	My Opposition to HB 343

To Whom It May Concern:

I am part of the sweepstakes community in Hawaii. I stand in opposition of HB 343.

HB 343 is targeting legitimate tax paying businesses. These businesses creates jobs and safe environments for not only the workers but also the customers. We the people should not criminalize business promotions simply because of the game of chance with casino type games. These games of chance for products are similar to Publishers Clearing House, Reader's Digest Sweepstakes, Pepsi Billion Dollar Sweepstakes and McDonalds Monopoly, which all create enthusiasm through out the community and stimulates the economy.

Instead of focusing all this time on legitimate tax paying businesses, we the people should be focusing on bigger issues such as illegal gambling rooms that have and promote various types of paraphernalia. Along with the illegal gambling rooms through out the state, there is also a LARGE community for illegal chicken fighting, which people not only gamble at but also abuse animals. Both are against the law and are large communities. The continuing abuse and maltreatment of innocent animals is not only preposterous but disturbing knowing that our officials focus their time on legitimate businesses while there are large criminalized activities continuing on in our neighborhoods.

My solution is to focus more of our governments TIME and MONEY on STOPPING the illegal gambling rooms and STOP illegal chicken fighting. To stop wasting not our time and money on trying to criminalize legitimate businesses, and refocus the attention to the criminals in our neighborhoods and backyards with ILLEGAL gambling rooms and chicken fights.

I respectfully oppose the passage of HB 343 HD1 or alternatively ask that this Committee consider the above solution. Thank you for the opportunity to testiy.

Kevin T. Kunz Jr.
Century 21 1st Choice Pacific
License #01870637
845 Garnet Ave.,San Diego, CA 92109
Direct: 1-619-333-0565
Fax: 1-866-400-4097
Email: KunzJr.Kevin@gmail.com

From:	mailinglist@capitol.hawaii.gov
Sent:	Thursday, February 21, 2013 9:32 AM
То:	FINTestimony
Cc:	sgd8@hawaiiantel.net
Subject:	Submitted testimony for HB343 on Feb 22, 2013 13:30PM

HB343

Submitted on: 2/21/2013 Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Dursin	Individual	Support	No

Comments: I strongly support this bill because it clarifies the definition of sweepstakes gambling. On the Big Island we have had incidents which demonstrate the willingness of vendors to circumvent the law. This creates a challenge for enforcement and enticement to the public, particularly to young people. Please support these clarifications. Thank you for taking my comments.

Please note that testimony submitted less than 24 hours prior to the hearing , improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From:	mailinglist@capitol.hawaii.gov
Sent:	Thursday, February 21, 2013 2:43 PM
То:	FINTestimony
Cc:	regulaterz73@gmail.com
Subject:	*Submitted testimony for HB343 on Feb 22, 2013 13:30PM*

<u>HB343</u>

Submitted on: 2/21/2013 Testimony for FIN on Feb 22, 2013 13:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Raelene	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing _, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From:	heejin lee [kara2310@gmail.com]
Sent:	Thursday, February 21, 2013 2:59 PM
To:	Rep. Sylvia Luke; FINTestimony
Subject:	Opposition to HB343

To whom It may concern,

My name is Kyeong S. Kim; I respectfully oppose the passage of HB343. I am a partner in a company that distributes the Products Direct Sweepstakes terminals here in Hawaii. This company allows me to be self sustaining, and able to provide for my family. I am a tax paying citizen of the State of Hawaii. I got started in this business because the operation of the Products Direct Sweepstakes terminals appeared to comply with the existing Statutes in the State of Hawaii. I have made substantial investments in both time and money to make my business thrive.

Thank you for allowing me to submit my testimony.

Kyeong S Kim

From: Sent: To: Subject: Freddy Agbanlog [playnvegas777@gmail.com] Thursday, February 21, 2013 4:45 PM FINTestimony HB343

To whom it may concern . I am an employee of Lucky Touch and oppose the bill 343 . I was on payroll paying taxes and getting back on my feet cause of this job . Thank you. Respectfully, Alfred Agbanlog Jr.

From: Sent: To: Subject: Akishi Kono [akysurfboards@gmail.com] Thursday, February 21, 2013 5:33 PM FINTestimony HB 343

I'm a community of the Sweepstakes Hawaii and this letter is in regards to my Opposition to HB-343. My family and I Oppose to HB-343 for many reasons. We all want the freedom to have the recreational means to have fun playing the Sweepstakes Hawaii Arcade Games and keep enjoy playing these games for RECREATIONAL use. We definately want to keep SweepstakesHawaii legal as it is now and not to be manipulated by any politicians in the State of Hawaii.

Aloha, Aki Kono

From:	William Jr. Jhun [willj808@yahoo.com]
Sent:	Thursday, February 21, 2013 5:54 PM
To:	FINTestimony; Rep. Sylvia Luke
Subject:	HB 343

this letter is in regards to my opposition of HB 343 Im a member of the community of the Sweepstakes Hawaii and we all want to keep Sweepstakes Hawaii legal and safe. I don't have any problems with having these types of Arcade games in Hawaii and I believe in the long run it will be good for Hawaii's economy.