#### A BILL FOR AN ACT

RELATING TO INTERNET GAMING.

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

1	SECTION 1. The legislature finds that internet wagering on
2	games of chance and games of skill has evolved into a core form
3	of entertainment for millions of individuals worldwide. In over
4	eighty-five jurisdictions across the world, internet gambling is
5	a legalized, regulated, and taxed activity that generates
6	billions of dollars in revenue for governments. Currently, the
7	United States is the largest unregulated internet gambling
8	market in the world. It is estimated that millions of Americans
9	have wagered billions of dollars annually on unregulated,
10	offshore websites, resulting in significant revenues escaping
11	the United States economy.
12	On September 20, 2011, the United States Department of

13 Justice issued an opinion that reversed its previous

14 interpretation of the federal Wire Act, 18 U.S.C. §1084. The

15 Department of Justice's new interpretation allows state

16 governments, subject to certain restrictions, to legalize and

**17** regulate internet gambling operations and capture that revenue

18 for the benefit of state governments.



The legislature also finds that tens of thousands of Hawaii 1 residents are estimated to participate in illegal online 2 3 gambling on unregulated internet web sites. These gambling web sites are operated by illegal offshore operators not subject to 4 5 regulation or taxation in the United States. Questions often 6 arise about the honesty and the fairness of the games offered to Hawaii residents, but neither federal nor Hawaii laws currently provide any consumer protections for Hawaii residents who play 8 on these web sites. Moreover, tens of millions of dollars in 9 10 revenues generated from online gambling are being realized by 11 offshore operators serving Hawaii residents, but no benefits are 12 provided to the State. To protect Hawaii residents who gamble on the Internet, and 13 to capture revenues generated from internet gambling in Hawaii, 14 15 it is in the best interest of the State and its citizens to 16 regulate this existing activity by authorizing and implementing a secure, responsible, and legal system for internet gambling. 17 The State's interests are best met by doing so through an 18 internet-only lottery and gaming corporation, which shall be a 19 20 public instrumentality, operating for the sole benefit of the 21 State, and accountable to the legislature and to the public 22 through a system of audits and reports.



## S.B. NO. 768

The purpose of this Act is to create a body politic, known 1 2 as the Hawaii internet lottery and gaming corporation, authorized to offer a regulated, secure, and responsible 3 framework for the conduct of internet wagering and gaming in 4 Hawaii that will provide consumer protections and capture 5 additional revenues for the benefit of the State that are 6 currently flowing offshore to unregulated internet gambling 7 8 operations. 9 SECTION 2. The Hawaii Revised Statutes is amended by 10 adding a new chapter to be appropriately designated and to read 11 as follows: 12 "CHAPTER INTERNET LOTTERY AND GAMING 13 14 -1 Definitions. As used in this chapter, the term: \$ 15 "Board" means the board of directors of the Hawaii internet lottery and gaming corporation. 16 "Chief executive officer" means the chief executive officer 17 of the Hawaii internet lottery and gaming corporation. 18 "Corporation" means the Hawaii internet lottery and gaming 19 20 corporation. "Lottery", "lottery game", or "lottery games" means any 21 22 game of chance approved by the board and operated pursuant to

- 1 this chapter, including but not limited to interactive instant
- 2 win games, as well as draw games.
- 3 "Major procurement contract" means any product or service
- 4 contract for an amount in excess of \$75,000.
- 5 "Member" or "members" means a director or directors of the
- 6 board of directors of Hawaii internet lottery and gaming
- 7 corporation.
- 8 "Net proceeds" means all revenue derived from the
- 9 operations of the corporation, less operating expenses.
- 10 "Operating expenses" means all costs of doing business,
- 11 including but not limited to prizes, bonuses, advertising and
- 12 marketing costs, costs related to the internet gaming provider,
- 13 personnel costs, capital costs, funds for problem gambling
- 14 education and treatment, and other operating costs.
- 15 "Person" means any individual, corporation, partnership,
- 16 unincorporated association, or other legal entity.
- 17 "Vendor" means a person who provides or proposes to provide
- 18 goods or services to the corporation pursuant to a major
- 19 procurement contract, but does not include an employee of the
- 20 corporation, or an agency or instrumentality of the State.
- 21 S -2 Hawaii internet lottery and gaming corporation
- 22 established. There is established a body corporate and politic



1	to be known as the Hawaii internet lottery and gaming
2	corporation, which shall be deemed to be an instrumentality of
3	the State but shall not be deemed a state agency. The
4	corporation shall be a public corporation registered with the
5	director of commerce and consumer affairs and shall be subject
6	to the corporate laws of the State. Venue for the corporation
7	shall be the first circuit.
8	§ -3 Purpose and authority of corporation. (a) The
9	purpose of the Hawaii internet lottery and gaming corporation
10	shall be to conduct and regulate internet wagering and gaming
11	for the benefit of the State, with the assistance of a private
12	internet gaming provider, pursuant to this chapter and rules
13	adopted hereunder.
14	(b) The Hawaii internet lottery and gaming corporation
15	shall be authorized to:
16	(1) Offer internet wagering on games of chance and games
17	of skill, including lottery, poker, and casino games,
18	to individuals over the age of eighteen years;
19	provided that the corporation shall not offer interne
20	wagering on any sporting event or sporting contest;

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- 1 (2) Enter into agreements with other state gaming entities 2 for the offering of multistate games, consistent with 3 state and federal law;
- 4 (3) Utilize the broad reach of its internet gaming
  5 platform to offer legally compliant free-play games
  6 and sweepstakes with Hawaii related prizes to
  7 individuals outside of Hawaii, for the purpose of
  8 attracting tourists and providing free exposure for
  9 Hawaii and Hawaii businesses to domestic and overseas
  10 markets;
  - (4) Conduct no more than two land based gaming entertainment events annually, related to the corporation's internet game offerings, for the purpose of attracting tourists to Hawaii; provided that the corporation shall not have the authority to conduct any other form of land-based gambling; and
  - (5) To engage in other activities consistent with the purpose of this chapter and rules adopted hereunder, and with state, federal and international laws.
  - § -4 Board of directors; membership; reimbursement for expenses; conflict of interests; quorum. (a) The corporation shall be governed by a board of directors composed of seven 2013-0723 SB SMA.doc



- 1 members. Three members shall be appointed by the governor, two
- 2 shall be appointed by the president of the senate, and two shall
- 3 be appointed by the speaker of the house of representatives.
- 4 (b) Members of the board of directors shall be prominent
- 5 persons in their business or profession and shall not have been
- 6 convicted of any felony offense. The board shall include
- 7 individuals with knowledge and expertise in lottery and gaming,
- 8 marketing and entertainment, technology, accounting, law, and
- 9 operation of a business enterprise.
- 10 (c) Members of the board of directors shall serve for
- 11 terms of five years; provided that, of the initial members
- 12 appointed, three shall be appointed for a term of two years, two
- 13 shall be appointed for a term of four years, and two shall be
- 14 appointed for a term of five years. Any vacancy occurring on
- 15 the board shall be filled by the governor by appointment for the
- 16 unexpired term.
- 17 (d) Members of the board of directors shall not have any
- 18 interest in an undertaking that puts their personal interest in
- 19 conflict with that of the corporation, including but not limited
- 20 to an interest in a major procurement contract or a
- 21 participating vendor.



- 1 (e) The board of directors may delegate to any one or more
- 2 of its members, to the chief executive officer, or to any agent
- 3 or employee of the corporation any powers and duties as it may
- 4 deem proper.
- 5 (f) A majority of members of the board of directors shall
- 6 constitute a quorum for the transaction of any business and for
- 7 the exercise of any power or function of the corporation.
- 8 (q) Action may be taken and motions and resolutions
- 9 adopted by the board of directors at any meeting thereof by the
- 10 affirmative vote of a majority of present and voting members.
- 11 (h) No vacancy in the membership of the board shall impair
- 12 the right of the members to exercise all the powers and perform
- 13 all the duties of the board.
- 14 (i) The members of the board shall be compensated in the
- 15 amount of \$ per year and shall be reimbursed for
- 16 expenses, including travel expenses, necessary for the
- 17 performance of their duties.
- 18 § -5 Board of directors; powers and duties. In addition
- 19 to any other powers and duties authorized by law, the board
- 20 shall:
- 21 (1) Select an internet gaming provider, pursuant to the
- requirements of this chapter;

1	(2)	Adopt regulations, policies, and procedures relating
2		to the conduct of internet games and the internet
3		gaming provider, including but not limited to rules
4		governing:
5		(A) Type of games to be conducted;
6		(B) Price points for games and percentage of rake;
7		(C) Forms of payment accepted and prohibited;
8		(D) Number and amount of prizes;
9		(E) Method of selecting winners and validating
10		winnings;
11		(F) Manner and time of payment of prizes;
12		(G) Frequency of games, and drawings or selection of
13		winning tickets or shares;
14		(H) Means of conducting drawings for lottery games;
15		(I) Responsible gaming;
16		(J) The conduct of the internet gaming provider;
17		(K) The gaming platform; and
18		(L) Any and all other matters necessary, desirable,
19		or convenient toward ensuring the efficient and
20		effective operation of internet gaming;
21	(3)	Provide the chief executive officer with private
22		sector perspective and direction;

Approve, disapprove, amend, or modify the budget 1 (4) 2 recommended by the chief executive officer for the operation of the corporation; 3 (5) Approve, disapprove, amend, or modify the terms of the 4 5 major procurements recommended by the chief executive 6 officer; and 7 (6) Perform other functions as necessary to carry out the 8 purposes of this chapter. 9 -6 Chief executive officer; appointment; compensation. 10 The board of directors shall appoint and shall provide for the 11 compensation of a chief executive officer who shall be an 12 employee of the corporation and who shall serve at the pleasure of the board. The chief executive officer shall direct the day-13 to-day operations and management of the corporation and shall be 14 15 vested with powers and duties as specified by the board and by 16 law. 17 -7 Chief executive officer; powers and duties. 18 chief executive officer of the corporation shall direct and 19 supervise all administrative and technical activities in 20 accordance with the provisions of this chapter and with

regulations, policies, and procedures adopted by the board.

shall be the duty of the chief executive officer to:

2013-0723 SB SMA.doc

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1	(1)	Supervise and exercise active oversight of the
2		operations of the internet gaming provider;
3	(2)	Hire and supervise a small staff of employees, as
4		deemed necessary; provided that all applicants for
5		employment shall be subject to background check;
6		provided further that no person who has been convicted
7		of a felony or bookmaking or other forms of illegal
8		gambling or of a crime involving moral turpitude shall
9		be employed by the corporation;
10	(3)	In consultation with the internet gaming provider,
11		prepare an annual budget, including a marketing
12		budget, for the approval of the board;
13	(4)	Report quarterly to the board a full and complete
14		statement of internet gaming revenues and expenses for
15		the preceding quarter; and
16	(5)	Perform other duties generally associated with a chief
17		executive officer of a corporation of an
18		entrepreneurial nature.
19	\$	-8 General powers of the corporation. The corporation
20	is grante	d comprehensive and extensive powers as generally
21	exercised	by corporations engaged in for-profit business
22	activitie	s and all powers as are necessary or convenient to
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1	effectuate	e those purposes and provisions of this chapter that
2	are not i	n conflict with the state constitution or federal law,
3	including	to:
4	(1)	Sue and be sued in contract and in tort and to
5		complain and defend in all courts;
6	(2)	Adopt and alter a seal;
7	(3)	Adopt, amend, and repeal bylaws, regulations, and
8		policies and procedures for the regulation of its
9		affairs and the conduct of its business;
10	(4)	Elect and prescribe the duties of officers and
11		employees of the corporation and to perform such other
12		matters as the corporation may determine;
13	(5)	Procure or provide insurance;
14	(6)	Hold copyrights, trademarks, and service marks and
15		enforce its rights with respect thereto;
16	(7)	Initiate, supervise, and administer the operation of
17		the internet games in accordance with the provisions
18		of this chapter and regulations, policies, and
19		procedures adopted pursuant thereto;
20	(8)	Enter into written agreements with one or more other
21		states or sovereigns for the operation, participation
22		in marketing, and promotion of joint games;

1	(9)	Conduct such market research as is necessary or
2		appropriate;
3	(10)	Acquire or lease real property and make improvements
4		thereon and acquire by lease or by purchase personal
5		property, including, but not limited to, computers;
6		mechanical, electronic, and on-line equipment and
7		terminals; and intangible property, including, but not
8		limited to, computer programs, systems, and software;
9	(11)	Enter into contracts, to incur debt in its own name,
10		and enter into financing agreements with the State,
11		agencies or instrumentalities of the State, or with
12		any commercial bank or credit provider; provided, that
13		any such debt shall be approved by the director of
14		finance;
15	(12)	Administer oaths, take depositions, issue subpoenas,
16		and compel the attendance of witnesses and the
17		production of books, papers, documents, and other
18		evidence relative to any investigation or proceeding
19		conducted by the corporation;
20	(13)	Appoint and select officers, agents, and employees,
21		including professional and administrative staff and
22		personnel, as deemed necessary;

1	(14)	Select and contract with vendors;
2	(15)	Enter into contracts or agreements with state or local
3		law enforcement agencies for the performance of law
4		enforcement, background investigations, and security
5		checks;
6	(16)	Establish and maintain banking relationships,
7		including but not limited to establishment of checking
8		and savings accounts and lines of credit;
9	(17)	Advertise and promote the internet games; and
10	(18)	Adopt and amend regulations, policies, and procedures
11		as necessary to exercise its powers, fulfill its
12		duties, organize and operate the corporation, regulate
13		the conduct of internet games, and as otherwise
14		necessary or desirable for the efficient and effective
15		operation of the corporation and effectuation of the
16		purposes of this chapter; provided that the
17		corporation shall be exempt from chapter 91 regarding
18		the adoption of bylaws, regulations, policies, and
19		procedures or in the exercise of any regulatory power.
20	§	-9 Corporation authorized to borrow money; restriction
21	on use of	money in state general fund. (a) The corporation, in
22	accordanc	e with the provisions of this chapter, may borrow or
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1	accept and expend moneys as may be received from any source,
2	including income from the corporation's operations, for
3	effectuating its corporate purposes, including the payment of
4	the initial expenses of initiation, administration, and
5	operation of the corporation and the internet gaming website.
6	(b) The corporation shall be self-sustaining and self-
7	funded. Moneys in the state general fund shall not be used or
8	obligated to pay the expenses of the corporation or prizes of
9	the lottery, and no claim for the payment of an expense of the
10	lottery or prizes of the lottery may be made against any moneys
11	other than moneys credited to the corporation operating account
12	(c) The corporation may purchase, lease, or lease-purchase
13	goods or services as necessary for effectuating the purposes of
14	this chapter.
15	§ -10 Reports by the corporation. To ensure the
16	financial integrity of the internet gaming operations, the
17	corporation through the board of directors shall:
18	(1) Submit quarterly and annual reports to the governor
19	and legislature, disclosing the total revenues, prize
20	disbursements, operating expenses, and administrative

expenses of the corporation during the reporting

period;

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(2)	Adopt a system of internal audits and controls;
(3)	Maintain regular records of transactions; and
(4)	Contract with a certified public accountant or firm
	for an annual financial audit of the corporation;
	provided that the certified public accountant or firm
	shall have no financial interest in any vendor with
	whom the corporation is under contract.
§ -	-11 Bidding requirements and procedures for contracts
generally.	. (a) The corporation shall enter into contracts for
major prod	curements with a value of over \$75,000 only after
engaging i	in a competitive process. The requirements of chapter
103D shall	l not apply to procurements conducted by the
corporation	on but its procedures shall be designed to allow the
selection	of proposals that provide the greatest long-term
benefit to	the State, the greatest integrity for the
corporation	on, and the best service and products for the public.
The requir	rement for a competitive process shall not apply in the
case of a	single vendor having exclusive rights to offer a
particula	r service or product.
(b)	The corporation shall investigate the responsibility,
security,	and integrity of any vendor who is a finalist in
submitting	g a bid, proposal, or offer as part of a major
	(3) (4)  S generally.  major proceed and an aparticular (b) security,

- 1 procurement. The corporation shall not select a vendor with
- 2 questionable integrity for any major procurement.
- 3 (c) A solicitation, request for qualification, or
- 4 specification for a contract may not require, stipulate,
- 5 suggest, or encourage a monetary or other financial contribution
- 6 or donation as an explicit or implied term or condition for
- 7 awarding or completing the contract.
- 8 (d) No vendor or applicant for a major procurement
- 9 contract may pay, give, or make any economic opportunity, gift,
- 10 loan, gratuity, special discount, favor, hospitality, or
- 11 service, excluding food and beverages having an aggregate value
- 12 not exceeding \$100 in any calendar year, to the chief executive
- 13 officer, any board member, or any employee of the corporation or
- 14 to a member of the immediate family residing in the same
- 15 household of the chief executive officer, board member, or
- 16 employee.
- 17 § -12 Adoption of internet gaming rules. Within one
- 18 hundred-eighty days of its formation, the board shall adopt
- 19 rules and policies governing its internet gaming operations,
- 20 consistent with the requirements of this chapter. The board may
- 21 retain a neutral advisor with expertise in internet gaming to
- 22 assist the board in adopting its rules.

- 1 -13 Registered player accounts and restrictions on play. (a) A person desiring to wager money on the 2 corporation's web-site shall register for an account by 3 providing documentation verifying the identity of the individual 4
- and that the person is at least eighteen years of age. 6 corporation shall have sole discretion to exclude from
- 7 participation in internet wagering any person who is reasonably
- determined to be unsuitable to participate in those games or 8
- whose participation would be contrary to requests concerning 9
- 10 self-exclusion or limits on losses, amounts wagered, or playing
- 11 time.

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- 12 The corporation shall use personal identification
- 13 numbers or other technology so that only the registered person
- has access to the person's wagering account and that games can 14
- be played only from within the legally permissible geographical 15
- 16 borders.
- 17 Initially, only individuals physically located in the
- 18 State may wager on the corporation's internet gaming website.
- 19 At such time that a legally compliant mechanism is established
- 20 to permit wagering by individuals physically located outside of
- 21 the State, the corporation shall adopt rules to allow and govern
- 22 wagering by those individuals.

- -14 Responsible gaming measures. (a) 1 2 corporation's internet gaming website shall provide information on problem gambling, including a problem gambling hotline 3 4 telephone number that a person may call to seek information and assistance for a potential gambling addiction. The corporation 5 shall offer responsible gambling services, such as self-6 7 exclusion, limits on losses, amounts wagered, and playing time, and other services as the corporation reasonably may determine 8 9 are necessary and appropriate to reduce and prevent problem 10 gambling. 11 The corporation shall offer, at the time of 12 registration, the option to place a limitation on the amount of 13 funds that may be transferred into a wagering account within any 14 twenty-four hour period. The corporation shall adopt procedures 15 to ensure that the player may not deposit more funds into the 16 account than specified. If, after the wagering account is 17 opened, a person wishes to increase the amount of funds that may 18 be transferred, the corporation may increase the amount after 19 obtaining and verifying the validity of identification and 20 personal information. However, that increase shall not be 21 effective until at least twenty-four hours after the change is 22 requested.
  - 2013-0723 SB SMA.doc

1	§ -15 Selection of the internet gaming provider	c. (a)
2	Within one hundred-eighty days of its formation, the bo	ard shall
3	commence a competitive process for the selection of the selection	qualified
4	and suitable internet gaming provider. The selection of	of the
5	internet gaming provider shall be done through a reques	st for
6	qualifications, which shall take into account the following	wing
7	factors:	
8	(1) The provider's knowledge and expertise with r	egard to:
9	(A) United States regulated gaming and lotte	ery
10	operations;	
11	(B) Interactive digital media and entertainm	nent; and
12	(C) Internet technology; and	
13	(2) The suitability of the provider's executives	and key
14	employees to operate a legally compliant gami	.ng
15	enterprise with honesty, fairness, and integr	rity;
16	provided that a provider that has engaged in	any of
17	the following activities shall be deemed unsu	uitable to
18	serve as the corporation's internet gaming pr	ovider:
19	(A) The provider that has accepted or assist	ed in the
20	acceptance of any wagers of money or oth	ıer
21	consideration related to internet gambli	.ng
22	activity, including internet poker, lott	erv. or

1		casino games, from an individual located in the
2		United States, prior to the issuance on
3		September 20, 2011, of an opinion by the United
4		States Department of Justice pertaining to the
5		interpretation of the Wire Act, 18 U.S.C. § 1084;
6		provided that this paragraph shall not apply to
7		providers that have accepted pari-mutuel wagers
8		on races in compliance with the Interstate
9		Horseracing Act;
10	(B)	The provider has operated in violation of the
11		laws of any country or state in which it has
12		operated; or
13	(C)	The operator has been indicted or convicted of a
14		crime related to its gaming operations in any
15		state or foreign jurisdiction.
16	(b) The	request for qualification may not require,
17	stipulate, sug	gest, or encourage a monetary or other financial
18	contribution c	r donation as an explicit or implied term or
19	condition for	awarding the contract.
20	(c) The	board shall select the internet gaming provider

that offers the greatest integrity for the corporation, the

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    greatest long-term benefit to the State, and the best service
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    and products for the public.
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             -16 Responsibilities of the internet gaming provider.
    The internet gaming provider shall be responsible for operating
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5
    a legally compliant, secure, and responsible internet gaming
6
    operation on behalf of the corporation. The internet gaming
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    provider's general responsibilities shall include, among other
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    things:
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         (1)
              Providing all the technology infrastructure, software,
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              and operational support necessary for the development,
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              operation, and maintenance of the internet gaming
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              website, including:
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               (A)
                    Game software and graphics;
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               (B)
                   Computer hardware;
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               (C)
                   Server hosting;
16
               (D)
                    Player account registration and management;
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                   Geo-location services;
               (E)
18
                   Age-verification services;
               (F)
19
               (G)
                   Responsible gaming controls;
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                    Anti-collusion and security tools;
               (H)
21
               (I)
                    Payment gateway software functionality;
22
                    Deposit and decline tools and services;
               (J)
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1		(K) Charge back reporting software;
2		(L) Network reconciliation and controls;
3		(M) Financial reporting and player management; and
4		(N) Other related administrative back office
5		functionality and operational support;
6	(2)	Providing marketing services, including a
7		comprehensive, customized marketing plan for the
8		corporation, consisting of both on-line and off-line
9		marketing components aimed at maximizing revenues in a
10		responsible manner and attracting tourism for the
11		State through the corporation's internet gaming
12		operations; and
13	(3)	Providing customer support and trained personnel to
14		respond to inquiries from players regarding
15		technological problems, investigate fraud and
16		collusion, and any other issues that may arise.
17	\$	-17 Internet gaming system requirements. The
18	corporati	on shall establish specific requirements for the
19	internet	gaming platform, to include, among other things:
20	(1)	Age verification requirements reasonably designed to
21		block access to minors;
22	(2)	Geo-location requirements to ensure legal compliance;
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Appropriate data security standards;
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         (3)
              Antifraud systems;
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         (4)
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         (5)
              Virus prevention;
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         (6)
              Data protection;
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         (7)
              Access controls;
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         (8)
              Firewalls:
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              Disaster recovery;
         (9)
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        (10)
              Redundancy;
9
        (11)
             Game fairness;
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        (12)
              Transparency and reporting;
             Distribution of funds; and
11
        (13)
12
        (14)
             Auditing.
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         S
             -18 Compensation of the internet gaming provider.
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    corporation shall compensate the internet gaming provider with a
15
    percentage of the corporation's revenues, in addition to
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    reimbursement of on-going costs associated with the operation of
17
    the internet gaming site, including costs related to geo-
    location, age verification, payment processing and banking, web-
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19
    hosting, and bandwidth, and any amounts necessary to the
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    implementation or operation of the site.
21
             -19 Disposition of proceeds. (a) All proceeds of
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    internet gaming conducted under this chapter shall be the
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- 1 property of the corporation. The corporation shall pay its 2 operating expenses from the proceeds. There is created within the state treasury a special 3 4 fund to be known as the internet lottery and gaming special fund. On or before the fifteenth day of each quarter, the 5 6 corporation shall deposit to the internet lottery and gaming 7 special fund all net proceeds derived from internet wagering and 8 gaming activities during the preceding guarter. 9 (c) Funds in the internet lottery and gaming special fund 10 shall be allocated as follows: 11 (1) Public school capital improvements: thirty-five per 12 cent; 13 (2) University of Hawaii system capital improvements: 14 twenty-five per cent; 15 (3) Scholarships and educational loan repayments for 16 medical students who commit to practice medicine in 17 Hawaii for ten years after completion of their residency: ten per cent; 18 19 (4) University of Hawaii John A. Burns School of Medicine 20 family practice rural residency program: ten per 21 cent;
  - (5) Watershed protection: ten per cent;



1	(6) Problem gambling reduction and prevention programs:
2	five per cent; and
3	(7) Administration of the special fund: five per cent.
4	§ -20 Tax treatment. The activities of the corporation
5	shall be deemed to constitute an essential government function
6	and all operations of the corporation shall be exempt from any
7	form of taxation under state law and, to the extent allowed,
8	under federal law. In addition, the corporation shall not be
9	required to pay any taxes or assessments upon or in respect to
10	sales of lottery tickets, games, or any property or moneys of
11	the corporation, levied by the State or any political
12	subdivision thereof, except as required by federal law. The
13	corporation and its assets, property, and revenues shall at all
14	times be exempt from taxation of every kind by the State and any
15	political subdivision thereof, including any special districts
16	in the State with powers of taxation.
17	§ -21 Unlawful gambling. It shall be unlawful for any
18	person to offer or play any game provided on the Internet that
19	is not authorized pursuant to this chapter. Any violation of
20	this section shall be punished as provided in part III of
21	chapter 712: provided that nothing herein shall preclude

- 1 enforcement of any other civil or criminal law for a violation
- 2 of this chapter."
- 3 SECTION 3. If any provision of this Act, or the
- 4 application thereof to any person or circumstance, is held
- 5 invalid, the invalidity does not affect other provisions or
- 6 applications of the Act that can be given effect without the
- 7 invalid provision or application, and to this end the provisions
- 8 of this Act are severable.
- 9 SECTION 4. This Act does not affect rights and duties that
- 10 matured, penalties that were incurred, and proceedings that were
- 11 begun before its effective date.
- 12 SECTION 5. This Act shall take effect on July 1, 2013.

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INTRODUCED BY: Welleme Run

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#### Report Title:

Internet Gambling; Hawaii Internet Lottery and Gambling Corporation

#### Description:

Establishes the Hawaii internet lottery and gaming corporation for the purpose of conducting internet gambling in Hawaii. Allocates proceeds to capital improvements at public schools and the University of Hawaii system, scholarships and educational loan repayments for medical students who practice in Hawaii for 10 years, support for the family practice rural residency program, watershed protection, and reduction and prevention of problem gambling.

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