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# 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 on September 20,  
2 2011, the United States Department of Justice issued an opinion  
3 that reversed its previous interpretation of the federal Wire  
4 Act, 18 U.S.C. §1084. The Department of Justice's new  
5 interpretation allows state governments, subject to certain  
6 restrictions, to legalize and regulate internet gambling  
7 operations and capture that revenue for the benefit of state  
8 governments.

9           The legislature also finds that tens of thousands of Hawaii  
10 residents are estimated to participate in illegal online  
11 gambling on unregulated internet web sites. These gambling web  
12 sites are operated by illegal offshore operators not subject to  
13 regulation or taxation in the United States. Questions often  
14 arise about the honesty and the fairness of the games offered to  
15 Hawaii residents, but neither federal nor Hawaii laws currently  
16 provide any consumer protections for Hawaii residents who play  
17 on these web sites. Moreover, tens of millions of dollars in



1 revenues generated from online gambling are being realized by  
2 offshore operators serving Hawaii residents, but no benefits are  
3 provided to the State.

4 To protect Hawaii residents who gamble on the Internet, and  
5 to capture revenues generated from internet gambling in Hawaii,  
6 it is in the best interest of the State and its citizens to  
7 regulate this existing activity by authorizing and implementing  
8 a secure, responsible, and legal system for internet gambling.  
9 The State's interests are best met by doing so through an  
10 internet-only lottery and gaming corporation, which shall be a  
11 public instrumentality, operating for the sole benefit of the  
12 State, and accountable to the legislature and to the public  
13 through a system of audits and reports.

14 The purpose of this Act is to create a body politic, known  
15 as the Hawaii internet lottery and gaming corporation,  
16 authorized to offer a regulated, secure, and responsible  
17 framework for the conduct of internet wagering and gaming in  
18 Hawaii that will provide consumer protections and capture  
19 additional revenues for the benefit of the State that are  
20 currently flowing offshore to unregulated internet gambling  
21 operations.



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

4 "CHAPTER

5 INTERNET LOTTERY AND GAMING

6 § -1 Definitions. As used in this chapter, the term:

7 "Board" means the board of directors of the Hawaii internet  
8 lottery and gaming corporation.

9 "Chief executive officer" means the chief executive officer  
10 of the Hawaii internet lottery and gaming corporation.

11 "Corporation" means the Hawaii internet lottery and gaming  
12 corporation.

13 "Lottery", "lottery game", or "lottery games" means any  
14 game of chance approved by the board and operated pursuant to  
15 this chapter, including but not limited to interactive instant  
16 win games, as well as draw games.

17 "Major procurement contract" means any product or service  
18 contract for an amount in excess of \$75,000.

19 "Member" or "members" means a director or directors of the  
20 board of directors of the Hawaii internet lottery and gaming  
21 corporation.



1 "Net proceeds" means all revenue derived from the  
2 operations of the corporation, less operating expenses.

3 "Operating expenses" means all costs of doing business,  
4 including but not limited to prizes, bonuses, advertising and  
5 marketing costs, costs related to the internet gaming provider,  
6 personnel costs, capital costs, funds for problem gambling  
7 education and treatment, and other operating costs.

8 "Person" means any individual, corporation, partnership,  
9 unincorporated association, or other legal entity.

10 "Vendor" means a person who provides or proposes to provide  
11 goods or services to the corporation pursuant to a major  
12 procurement contract, but does not include an employee of the  
13 corporation, or an agency or instrumentality of the State.

14 § -2 **Hawaii internet lottery and gaming corporation**  
15 **established.** There is established a body corporate and politic  
16 to be known as the Hawaii internet lottery and gaming  
17 corporation, which shall be deemed to be an instrumentality of  
18 the State but shall not be deemed a state agency. The  
19 corporation shall be a public corporation registered with the  
20 director of commerce and consumer affairs and shall be subject



1 to the corporate laws of the State. Venue for the corporation  
2 shall be the first circuit.

3 § -3 Purpose and authority of corporation. (a) The  
4 purpose of the Hawaii internet lottery and gaming corporation  
5 shall be to conduct and regulate internet wagering and gaming  
6 for the benefit of the State, with the assistance of a private  
7 internet gaming provider, pursuant to this chapter and rules  
8 adopted hereunder.

9 (b) The Hawaii internet lottery and gaming corporation  
10 may:

11 (1) Offer internet wagering on games of chance and games  
12 of skill, including lottery, poker, and casino games,  
13 to individuals over the age of eighteen years;  
14 provided that the corporation shall not offer internet  
15 wagering on any sporting event or sporting contest;

16 (2) Enter into agreements with other state gaming entities  
17 for the offering of multistate games, consistent with  
18 state and federal law;

19 (3) Utilize the broad reach of its internet gaming  
20 platform to offer legally compliant free-play games  
21 and sweepstakes with Hawaii related prizes to



1 individuals outside of Hawaii, for the purpose of  
2 attracting tourists and providing free exposure for  
3 Hawaii and Hawaii businesses to domestic and overseas  
4 markets;

5 (4) Conduct no more than two land-based gaming  
6 entertainment events annually, related to the  
7 corporation's internet game offerings, for the purpose  
8 of attracting tourists to Hawaii; provided that the  
9 corporation shall not have the authority to conduct  
10 any other form of land-based gambling; and

11 (5) Engage in other activities consistent with the purpose  
12 of this chapter and rules adopted hereunder, and with  
13 state, federal, and international laws.

14 § -4 Board of directors; membership; reimbursement for  
15 expenses; conflict of interests; quorum. (a) The corporation  
16 shall be governed by a board of directors composed of seven  
17 members. Three members shall be appointed by the governor, two  
18 shall be appointed by the president of the senate, and two shall  
19 be appointed by the speaker of the house of representatives.

20 (b) Members of the board shall be prominent persons in  
21 their business or profession and shall not have been convicted



1 of any felony offense. The board shall include individuals with  
2 knowledge and expertise in lottery and gaming, marketing and  
3 entertainment, technology, accounting, law, and operation of a  
4 business enterprise.

5 (c) Members of the board shall serve for terms of five  
6 years; provided that, of the initial members appointed, three  
7 shall be appointed for a term of two years, two shall be  
8 appointed for a term of four years, and two shall be appointed  
9 for a term of five years. Any vacancy occurring on the board  
10 shall be filled by the governor by appointment for the unexpired  
11 term.

12 (d) Members of the board shall not have any interest in an  
13 undertaking that puts their personal interest in conflict with  
14 that of the corporation, including but not limited to an  
15 interest in a major procurement contract or a participating  
16 vendor.

17 (e) The board may delegate to any one or more of its  
18 members, to the chief executive officer, or to any agent or  
19 employee of the corporation any powers and duties as it may deem  
20 proper.



1 (f) A majority of members of the board shall constitute a  
2 quorum for the transaction of any business and for the exercise  
3 of any power or function of the corporation.

4 (g) Action may be taken and motions and resolutions  
5 adopted by the board at any meeting thereof by the affirmative  
6 vote of a majority of present and voting members.

7 (h) No vacancy in the membership of the board shall impair  
8 the right of the members to exercise all the powers and perform  
9 all the duties of the board.

10 (i) The members of the board shall be compensated in the  
11 amount of \$ per year and shall be reimbursed for  
12 expenses, including travel expenses, necessary for the  
13 performance of their duties.

14 § -5 **Board of directors; powers and duties.** In addition  
15 to any other powers and duties authorized by law, the board  
16 shall:

17 (1) Select an internet gaming provider, pursuant to the  
18 requirements of this chapter;

19 (2) Adopt regulations, policies, and procedures relating  
20 to the conduct of internet games and the internet



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



- 1           (4) Approve, disapprove, amend, or modify the budget
- 2                 recommended by the chief executive officer for the
- 3                 operation of the corporation;
- 4           (5) Approve, disapprove, amend, or modify the terms of the
- 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

13 of the board. The chief executive officer shall direct the day-

14 to-day operations and management of the corporation and shall be

15 vested with powers and duties as specified by the board and by

16 law.

17           §   -7 Chief executive officer; powers and duties. The

18 chief executive officer of the corporation shall direct and

19 supervise all administrative and technical activities in

20 accordance with this chapter and with regulations, policies, and



1 procedures adopted by the board. It shall be the duty of the  
2 chief executive officer to:

- 3 (1) Supervise and exercise active oversight of the  
4 operations of the internet gaming provider;
- 5 (2) Hire and supervise a small staff of employees, as  
6 deemed necessary; provided that all applicants for  
7 employment shall be subject to a background check;  
8 provided further that no person who has been convicted  
9 of a felony or bookmaking or other forms of illegal  
10 gambling or of a crime involving moral turpitude shall  
11 be employed by the corporation;
- 12 (3) In consultation with the internet gaming provider,  
13 prepare an annual budget, including a marketing  
14 budget, for the approval of the board;
- 15 (4) Report quarterly to the board a full and complete  
16 statement of internet gaming revenues and expenses for  
17 the preceding quarter; and
- 18 (5) Perform any other duties customary of the position of  
19 chief executive officer.

20 § -8 **General powers of the corporation.** The corporation  
21 is granted comprehensive and extensive powers as generally



1 exercised by corporations engaged in for-profit business  
2 activities and all powers as are necessary or convenient to  
3 effectuate those purposes and provisions of this chapter that  
4 are not in conflict with the state constitution or federal law,  
5 including to:

- 6 (1) Sue and be sued in contract and in tort and to  
7 complain and defend in all courts;
- 8 (2) Adopt and alter a seal;
- 9 (3) Adopt, amend, and repeal bylaws, regulations, and  
10 policies and procedures for the regulation of its  
11 affairs and the conduct of its business;
- 12 (4) Elect and prescribe the duties of officers and  
13 employees of the corporation and to perform such other  
14 matters as the corporation may determine;
- 15 (5) Procure or provide insurance;
- 16 (6) Hold copyrights, trademarks, and service marks and  
17 enforce its rights with respect thereto;
- 18 (7) Initiate, supervise, and administer the operation of  
19 the internet games in accordance with this chapter and  
20 regulations, policies, and procedures adopted pursuant  
21 thereto;



- 1           (8) Enter into written agreements with one or more other  
2           states or sovereigns for the operation, participation  
3           in marketing, and promotion of joint games;
- 4           (9) Conduct such market research as is necessary or  
5           appropriate;
- 6           (10) Acquire or lease real property and make improvements  
7           thereon and acquire by lease or by purchase personal  
8           property, including but not limited to computers;  
9           mechanical, electronic, and on-line equipment and  
10           terminals; and intangible property, including but not  
11           limited to computer programs, systems, and software;
- 12           (11) Enter into contracts, incur debt in its own name, and  
13           enter into financing agreements with the State,  
14           agencies or instrumentalities of the State, or with  
15           any commercial bank or credit provider; provided that  
16           any such debt shall be approved by the director of  
17           finance;
- 18           (12) Administer oaths, take depositions, issue subpoenas,  
19           and compel the attendance of witnesses and the  
20           production of books, papers, documents, and other



- 1 evidence relative to any investigation or proceeding  
2 conducted by the corporation;
- 3 (13) Appoint and select officers, agents, and employees,  
4 including professional and administrative staff and  
5 personnel, as deemed necessary;
- 6 (14) Select and contract with vendors;
- 7 (15) Enter into contracts or agreements with state or local  
8 law enforcement agencies for the performance of law  
9 enforcement, background investigations, and security  
10 checks;
- 11 (16) Establish and maintain banking relationships,  
12 including but not limited to establishment of checking  
13 and savings accounts and lines of credit;
- 14 (17) Advertise and promote the internet games; and
- 15 (18) Adopt and amend regulations, policies, and procedures  
16 as necessary to exercise its powers, fulfill its  
17 duties, organize and operate the corporation, regulate  
18 the conduct of internet games, and as otherwise  
19 necessary or desirable for the efficient and effective  
20 operation of the corporation and effectuation of the  
21 purposes of this chapter; provided that the



1 corporation shall be exempt from chapter 91 regarding  
2 the adoption of bylaws, regulations, policies, and  
3 procedures or in the exercise of any regulatory power.

4 § -9 Corporation authorized to borrow money; restriction  
5 on use of money in state general fund; internet lottery and  
6 gaming special fund. (a) The corporation, in accordance with  
7 this chapter, may borrow or accept and expend moneys received  
8 from any source, including income from the corporation's  
9 operations, for effectuating its corporate purposes, including  
10 the payment of the initial expenses of initiation,  
11 administration, and operation of the corporation and the  
12 internet gaming website.

13 (b) The corporation shall be self-sustaining and self-  
14 funded. Moneys in the state general fund shall not be used or  
15 obligated to pay the expenses of the corporation or prizes of  
16 the lottery, and no claim for the payment of an expense of the  
17 lottery or prizes of the lottery may be made against any moneys  
18 other than moneys credited to the internet lottery and gaming  
19 special fund.

20 (c) There is created within the state treasury a special  
21 fund to be known as the internet lottery and gaming special



1 fund. Moneys authorized under this chapter may be deposited  
2 into the special fund.

3 (d) The corporation may purchase, lease, or lease-purchase  
4 goods or services as necessary for effectuating the purposes of  
5 this chapter.

6 § -10 **Reports by the corporation.** To ensure the  
7 financial integrity of the internet gaming operations, the  
8 corporation through the board of directors shall:

- 9 (1) Submit quarterly and annual reports to the governor  
10 and legislature, disclosing the total revenues, prize  
11 disbursements, operating expenses, and administrative  
12 expenses of the corporation during the reporting  
13 period;
- 14 (2) Adopt a system of internal audits and controls;
- 15 (3) Maintain regular records of transactions; and
- 16 (4) Contract with a certified public accountant or firm  
17 for an annual financial audit of the corporation;  
18 provided that the certified public accountant or firm  
19 shall have no financial interest in any vendor with  
20 whom the corporation is under contract.



1           §   -11   **Bidding requirements and procedures for contracts**  
2 **generally.** (a) The corporation shall enter into contracts for  
3 major procurements with a value of over \$75,000 only after  
4 engaging in a competitive process. Procurements conducted by  
5 the corporation shall not be subject to chapter 103D but shall  
6 be designed to allow the selection of proposals that provide the  
7 greatest long-term benefit to the State, the greatest integrity  
8 for the corporation, and the best service and products for the  
9 public. The requirement for a competitive process shall not  
10 apply in the case of a single vendor having exclusive rights to  
11 offer a particular service or product.

12           (b) The corporation shall investigate the responsibility,  
13 security, and integrity of any vendor who is a finalist in  
14 submitting a bid, proposal, or offer as part of a major  
15 procurement. The corporation shall not select a vendor with  
16 questionable integrity for any major procurement.

17           (c) A solicitation, request for qualification, or  
18 specification for a contract shall not require, stipulate,  
19 suggest, or encourage a monetary or other financial contribution  
20 or donation as an explicit or implied term or condition for  
21 awarding or completing the contract.



1 (d) No vendor or applicant for a major procurement  
2 contract shall pay, give, or make any economic opportunity,  
3 gift, loan, gratuity, special discount, favor, hospitality, or  
4 service, excluding food and beverages having an aggregate value  
5 not exceeding \$100 in any calendar year, to the chief executive  
6 officer, any board member, or any employee of the corporation or  
7 to a member of the immediate family residing in the same  
8 household of the chief executive officer, board member, or  
9 employee.

10 § -12 **Adoption of internet gaming rules.** Within one  
11 hundred eighty days of the appointment of all members of the  
12 board, the board shall adopt rules and policies governing its  
13 internet gaming operations, consistent with the requirements of  
14 this chapter. The board may retain a neutral advisor with  
15 expertise in internet gaming to assist the board in adopting its  
16 rules.

17 § -13 **Registered player accounts and restrictions on**  
18 **play.** (a) A person desiring to wager money on the  
19 corporation's web site shall register for an account by  
20 providing documentation verifying the identity of the individual  
21 and that the person is at least eighteen years of age. The



1 corporation shall have sole discretion to exclude from  
2 participation in internet wagering any person who is reasonably  
3 determined to be unsuitable to participate in those games or  
4 whose participation would be contrary to requests concerning  
5 self-exclusion or limits on losses, amounts wagered, or playing  
6 time.

7 (b) The corporation shall use personal identification  
8 numbers or other technology so that only the registered person  
9 has access to the person's wagering account and that games can  
10 be played only from within the legally permissible geographical  
11 borders.

12 (c) Initially, only individuals physically located in the  
13 State may wager on the corporation's internet gaming website.  
14 At such time that a legally compliant mechanism is established  
15 to permit wagering by individuals physically located outside of  
16 the State, the corporation shall adopt rules to allow and govern  
17 wagering by those individuals.

18 § -14 **Responsible gaming measures.** (a) The  
19 corporation's internet gaming website shall provide information  
20 on problem gambling, including a problem gambling hotline  
21 telephone number that a person may call to seek information and



1 assistance for a potential gambling addiction. The corporation  
2 shall offer responsible gambling services, such as self-  
3 exclusion, limits on losses, amounts wagered, and playing time,  
4 and other services as the corporation reasonably may determine  
5 are necessary and appropriate to reduce and prevent problem  
6 gambling.

7 (b) The corporation shall offer, at the time of  
8 registration, the option to place a limitation on the amount of  
9 funds that may be transferred into a wagering account within any  
10 twenty-four hour period. The corporation shall adopt procedures  
11 to ensure that the player may not deposit more funds into the  
12 account than specified. If, after the wagering account is  
13 opened, a person wishes to increase the amount of funds that may  
14 be transferred, the corporation may increase the amount after  
15 obtaining and verifying the validity of identification and  
16 personal information. However, that increase shall not be  
17 effective until at least twenty-four hours after the change is  
18 requested.

19 § -15 Selection of the internet gaming provider. (a)  
20 Within one hundred eighty days of all appointment of all members  
21 of the board, the board shall commence a competitive process for



1 the selection of a qualified and suitable internet gaming  
2 provider. The selection of the internet gaming provider shall  
3 be done through a request for qualifications, which shall take  
4 into account the following factors:

5 (1) The provider's knowledge and expertise with regard to:

6 (A) United States regulated gaming and lottery  
7 operations;

8 (B) Interactive digital media and entertainment; and

9 (C) Internet technology; and

10 (2) The suitability of the provider's executives and key  
11 employees to operate a legally compliant gaming  
12 enterprise with honesty, fairness, and integrity;  
13 provided that a provider that has engaged in any of  
14 the following activities shall be deemed unsuitable to  
15 serve as the corporation's internet gaming provider:

16 (A) The provider has accepted or assisted in the  
17 acceptance of any wagers of money or other  
18 consideration related to internet gambling  
19 activity, including internet poker, lottery, or  
20 casino games, from an individual located in the  
21 United States, prior to the issuance on



1           September 20, 2011, of an opinion by the United  
2           States Department of Justice pertaining to the  
3           interpretation of the Wire Act, 18 U.S.C. § 1084;  
4           provided that this subparagraph shall not apply  
5           to providers that have accepted pari-mutuel  
6           wagers on races in compliance with the Interstate  
7           Horseracing Act;

8           (B) The provider has operated in violation of the  
9           laws of any country or state in which it has  
10          operated; or

11          (C) The operator has been indicted or convicted of a  
12          crime related to its gaming operations in any  
13          state or foreign jurisdiction.

14          (b) The request for qualification shall not require,  
15          stipulate, suggest, or encourage a monetary or other financial  
16          contribution or donation as an explicit or implied term or  
17          condition for awarding the contract.

18          (c) The board shall select the internet gaming provider  
19          that offers the greatest integrity for the corporation, the  
20          greatest long-term benefit to the State, and the best service  
21          and products for the public.



1           §   -16   Responsibilities of the internet gaming provider.

2   The internet gaming provider shall be responsible for operating  
3   a legally compliant, secure, and responsible internet gaming  
4   operation on behalf of the corporation.  The internet gaming  
5   provider's general responsibilities shall include, among other  
6   things:

- 7           (1)   Providing all the technology infrastructure, software,  
8                and operational support necessary for the development,  
9                operation, and maintenance of the internet gaming  
10              website, including:
- 11             (A)   Game software and graphics;
  - 12             (B)   Computer hardware;
  - 13             (C)   Server hosting;
  - 14             (D)   Player account registration and management;
  - 15             (E)   Geo-location services;
  - 16             (F)   Age-verification services;
  - 17             (G)   Responsible gaming controls;
  - 18             (H)   Anti-collusion and security tools;
  - 19             (I)   Payment gateway software functionality;
  - 20             (J)   Deposit and decline tools and services;
  - 21             (K)   Charge back reporting software;



- 1 (L) Network reconciliation and controls;
- 2 (M) Financial reporting and player management; and
- 3 (N) Other related administrative back office
- 4 functionality and operational support;
- 5 (2) Providing marketing services, including a
- 6 comprehensive, customized marketing plan for the
- 7 corporation, consisting of both on-line and off-line
- 8 marketing components aimed at maximizing revenues in a
- 9 responsible manner and attracting tourism for the
- 10 State through the corporation's internet gaming
- 11 operations; and
- 12 (3) Providing customer support and trained personnel to
- 13 respond to inquiries from players regarding
- 14 technological problems, investigate fraud and
- 15 collusion, and any other issues that may arise.

16 § -17 **Internet gaming system requirements.** The  
17 corporation shall establish specific requirements for the  
18 internet gaming platform, to include, among other things:

- 19 (1) Age verification requirements reasonably designed to
- 20 block access to minors;
- 21 (2) Geo-location requirements to ensure legal compliance;



- 1 (3) Appropriate data security standards;
- 2 (4) Antifraud systems;
- 3 (5) Virus prevention;
- 4 (6) Data protection;
- 5 (7) Access controls;
- 6 (8) Firewalls;
- 7 (9) Disaster recovery;
- 8 (10) Redundancy;
- 9 (11) Game fairness;
- 10 (12) Transparency and reporting;
- 11 (13) Distribution of funds; and
- 12 (14) Auditing.

13 § -18 **Compensation of the internet gaming provider.** The  
14 corporation shall compensate the internet gaming provider with a  
15 percentage of the corporation's revenues, in addition to  
16 reimbursement of ongoing costs associated with the operation of  
17 the internet gaming site, including costs related to geo-  
18 location, age verification, payment processing and banking, web  
19 hosting, and bandwidth, and any amounts necessary to the  
20 implementation or operation of the site.



1           §   -19   Disposition of proceeds.   (a) All proceeds of  
 2 internet gaming conducted under this chapter shall be the  
 3 property of the corporation. The corporation shall pay its  
 4 operating expenses from the proceeds.

5           (b) On or before the fifteenth day of each quarter, the  
 6 corporation shall deposit into the internet lottery and gaming  
 7 special fund all net proceeds derived from internet wagering and  
 8 gaming activities during the preceding quarter.

9           (c) Funds in the internet lottery and gaming special fund  
 10 shall be allocated as follows:

11           (1) Public school capital improvements:           per cent;

12           (2) University of Hawaii system capital improvements:  
 13   per cent;

14           (3) Scholarships and educational loan repayments for  
 15           medical students who commit to practice medicine in  
 16           Hawaii for ten years after completion of their  
 17           residency:           per cent;

18           (4) University of Hawaii John A. Burns school of medicine  
 19           family practice rural residency program:           per  
 20           cent;

21           (5) Watershed protection:           per cent;



1 (6) Problem gambling reduction and prevention programs:  
2 per cent; and

3 (7) Administration of the program and special fund:  
4 per cent.

5 § -20 **Tax treatment.** The activities of the corporation  
6 shall be deemed to constitute an essential government function,  
7 and all operations of the corporation shall be exempt from any  
8 form of taxation under state law and, to the extent allowed,  
9 under federal law. In addition, the corporation shall not be  
10 required to pay any taxes or assessments upon or in respect to  
11 sales of lottery tickets, games, or any property or moneys of  
12 the corporation, levied by the State or any political  
13 subdivision thereof, except as required by federal law. The  
14 corporation and its assets, property, and revenues shall at all  
15 times be exempt from taxation of every kind by the State and any  
16 political subdivision thereof, including any special districts  
17 in the State with powers of taxation.

18 § -21 **Unlawful gambling.** It shall be unlawful for any  
19 person to offer or play any game provided on the Internet that  
20 is not authorized pursuant to this chapter. Any violation of  
21 this section shall be punished as provided in part III of



1 chapter 712; provided that nothing herein shall preclude  
2 enforcement of any other civil or criminal law for a violation  
3 of this chapter."

4 SECTION 3. If any provision of this Act, or the  
5 application thereof to any person or circumstance, is held  
6 invalid, the invalidity does not affect other provisions or  
7 applications of the Act that can be given effect without the  
8 invalid provision or application, and to this end the provisions  
9 of this Act are severable.

10 SECTION 4. This Act does not affect rights and duties that  
11 matured, penalties that were incurred, and proceedings that were  
12 begun before its effective date.

13 SECTION 5. This Act shall take effect on July 1, 2017.

14

INTRODUCED BY: *Muhleeb A. Sidani (br)*



**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 ten 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.*

