



1 "Live poker room" means a facility in which poker games are  
2 played against other players at the facility and not against the  
3 dealer or house.

4 § -2 Poker commission; establishment; powers and duties.

5 (a) There is established a poker commission, which shall be  
6 attached to the department of business, economic development,  
7 and tourism for administrative purposes. The commission shall  
8 comprise three commissioners, as follows:

9 (1) The director of business, economic development, and  
10 tourism, or the director's designee, who shall serve  
11 as the chair of the commission;

12 (2) The director of commerce and consumer affairs, or the  
13 director's designee; and

14 (3) The director of taxation, or the director's designee.

15 (b) The commission shall oversee the licensing and  
16 operation of specified gaming activities in the State. The  
17 commission may hire staff such as an executive director,  
18 investigators, and clerical staff as necessary to carry out its  
19 duties.

20 (c) The powers and duties of the commission shall be as  
21 follows:



- 1           (1) Review applications and award gaming licenses for the  
2           operation of live poker rooms; provided that not more  
3           than one live poker room per county shall be  
4           authorized to operate at any given time;
- 5           (2) Review applications and award gaming licenses for the  
6           operation of other gaming activities specifically  
7           approved by the commission;
- 8           (3) Establish, and ensure compliance with, terms and  
9           conditions for maintaining a valid gaming license,  
10          including safety and consumer protection requirements  
11          and timely payment of applicable fees and taxes; and
- 12          (4) Adopt rules as necessary, pursuant to chapter 91, to  
13          effectuate the purposes of this chapter.

14          § -3 **Authorized gaming activities.** The commission shall  
15 authorize and regulate the following types of gaming activities:

- 16          (1) Poker, which shall be played only in live poker rooms  
17          overseen by the commission; and
- 18          (2) Any other gaming activities specifically approved by  
19          the commission.



1           §   -4 **Qualifications for licensure.** (a) Each applicant  
2 for a gaming license shall include both an individual applicant  
3 and an applying entity.

4           (b) The application submitted shall be on a form approved  
5 by the commission and shall include supporting documentation to  
6 establish the following:

7           (1) That the individual applicant:

8                   (A) Has been a legal resident of the State for not  
9                   less than five years preceding the date of  
10                   application;

11                   (B) Is not less than twenty-one years of age; and

12                   (C) Has had no felony convictions; and

13           (2) That the applying entity:

14                   (A) Has been organized under the laws of the State;

15                   (B) Has a Hawaii tax identification number;

16                   (C) Has a department of commerce and consumer affairs  
17                   business registration division number and suffix;

18                   (D) Has a federal employer identification number;

19                   (E) Is wholly held by Hawaii legal residents or  
20                   entities wholly controlled by Hawaii legal  
21                   residents who have been Hawaii legal residents



1 for not less than five years immediately  
2 preceding the date the application was submitted;  
3 (F) Has financial resources under its control of not  
4 less than \$1,000,000 for each gaming license  
5 applied for, in the form of bank statements or  
6 escrow accounts, and that the financial resources  
7 have been under the control of the applying  
8 entity for not less than ninety days immediately  
9 preceding the date the application was submitted;  
10 and

11 (G) Is composed of principals or members, each of  
12 whom has been a legal resident of the State for  
13 not less than five years preceding the date of  
14 application and has no felony convictions.

15 (c) A gaming license shall not be sold or otherwise  
16 transferred from one person to another person; provided that an  
17 individual or entity that holds a gaming license may take on  
18 partners or additional owners, subject to the commission's  
19 approval.

20 § -5 Fees. (a) Each application for a gaming license  
21 shall be accompanied by payment of an application fee, as set by



1 the commission; provided that eighty per cent of the fee shall  
2 be refunded by the commission if the application is denied.

3 (b) Upon approval of an application, each approved  
4 licensee shall pay a one-time licensing fee, as set by the  
5 commission.

6 (c) All fees collected by the commission under this  
7 chapter shall be deposited into the gaming regulation special  
8 fund established pursuant to section -8.

9 § -6 Conditions for maintaining a gaming license. A  
10 licensee shall comply with the following conditions or  
11 requirements during the period of licensure:

- 12 (1) Rules established by the commission, including safety  
13 and consumer protection requirements;
- 14 (2) Timely payment of applicable taxes;
- 15 (3) Compliance with all applicable zoning laws;
- 16 (4) Each live poker room establishment shall:
  - 17 (A) Have working security cameras;
  - 18 (B) Implement a commonly accepted, industry standard  
19 system to keep accurate records of players'  
20 activity;



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- 1 (C) Use a playing chip that is uniquely identifiable
- 2 with a microchip in each playing chip;
- 3 (D) Require that all dealers have a degree or
- 4 certificate from a professional dealer school
- 5 approved by the commission;
- 6 (E) Require that all private security guards be
- 7 licensed under section 463-7;
- 8 (F) Maintain a valid liquor license for the
- 9 establishment;
- 10 (G) Maintain a valid food and beverage license for
- 11 the establishment; and
- 12 (H) Establish and enforce written, industry standard
- 13 policies that address cheating and collusion and
- 14 the prevention of cheating and collusion; and
- 15 (5) Any other conditions or requirements specified by the
- 16 commission.

17 **§ -7 Revocation and suspension of license; hearing.** (a)

18 In addition to any other actions authorized by law, the

19 commission may deny, revoke, or suspend any license applied for

20 or issued by the commission, in accordance with this chapter,



1 and to fine or otherwise discipline a licensee for any cause  
2 authorized by law, including the following:

- 3 (1) Procuring a license through fraud, misrepresentation,  
4 or deceit;
- 5 (2) Professional misconduct, gross carelessness, or  
6 manifest incapacity;
- 7 (3) Violation of any of the provisions of this chapter or  
8 the rules adopted thereto;
- 9 (4) False, fraudulent, or deceptive advertising;
- 10 (5) Any other conduct constituting fraudulent or dishonest  
11 dealings;
- 12 (6) Failure to comply with an order of the commission; and
- 13 (7) Making a false statement on any document submitted or  
14 required to be filed by this chapter, including  
15 furnishing false or fraudulent material information in  
16 any application.

17 (b) Any person who violates any of the provisions of this  
18 chapter or the rules adopted pursuant thereto shall be penalized  
19 as follows:

- 20 (1) A mandatory fine of not less than \$2,000 for a first  
21 offense;



1           (2) A mandatory fine of not less than \$4,000 for a second  
2           offense within five years of a prior fine imposed  
3           under this section; and

4           (3) A mandatory fine of not less than \$4,000 plus  
5           suspension of the gaming license for not less than  
6           seven days for a third or subsequent offense within  
7           five years of two prior fines imposed under this  
8           section;

9 provided that the commission shall consider the nature and  
10 severity of the offense in deciding whether to impose a penalty  
11 that exceeds the minimum fine specified above.

12           (c) A revocation order may include language that upon the  
13 revocation order becoming final, all gaming equipment and  
14 related supplies shall be forfeited to the State.

15           (d) All proceedings for denial, suspension, fine, or  
16 revocation of a license on any ground specified in this section  
17 shall be conducted pursuant to chapter 91, including the right  
18 to judicial review.

19           § -8 Gaming regulation special fund. (a) There is  
20 established in the state treasury the gaming regulation special  
21 fund, into which shall be deposited:



- 1 (1) All revenues from the operations of the poker  
2 commission, including fees and fines collected; and  
3 (2) Appropriations made by the legislature to the fund.  
4 (b) Moneys in the gaming regulation special fund shall be  
5 used for the following purposes:  
6 (1) Enforcement operations of the poker commission; and  
7 (2) Public outreach and education efforts of the  
8 commission."

9 SECTION 3. Section 712-1220, Hawaii Revised Statutes, is  
10 amended by amending the definitions of "contest of chance" and  
11 "gambling" to read as follows:

12 ""Contest of chance" means any contest, game, gaming  
13 scheme, or gaming device in which the outcome depends in a  
14 material degree upon an element of chance, notwithstanding that  
15 skill of the contestants may also be a factor therein[-], but  
16 does not include poker played at a live poker room licensed  
17 pursuant to chapter \_\_\_\_\_ or a gaming activity specifically  
18 approved and licensed by the poker commission pursuant to  
19 chapter \_\_\_\_\_.

20 "Gambling" [~~—~~A] occurs when a person engages in gambling  
21 if [he] the person stakes or risks something of value upon the



1 outcome of a contest of chance or a future contingent event not  
2 under [~~his~~] the person's control or influence, upon an agreement  
3 or understanding that [~~he~~] the person or someone else will  
4 receive something of value in the event of a certain outcome.  
5 Gambling does not include [~~bona~~]:

6       (1) Poker, when played at a live poker room licensed  
7           pursuant to chapter        or a gaming activity  
8           specifically approved and licensed by the poker  
9           commission pursuant to chapter       ; or

10       (2) Bona fide business transactions valid under the law of  
11 contracts, including but not limited to contracts for the  
12 purchase or sale at a future date of securities or commodities,  
13 and agreements to compensate for loss caused by the happening of  
14 chance, including but not limited to contracts of indemnity or  
15 guaranty and life, health, or accident insurance."

16       SECTION 4. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$                    or so  
18 much thereof as may be necessary for fiscal year 2021-2022 for  
19 the establishment and operating expenses of the poker  
20 commission, including the acquisition of office space, furniture



1 and equipment, and office supplies, and the training of  
2 commissioners.

3 The sum appropriated shall be expended by the department of  
4 business, economic development, and tourism for the purposes of  
5 this Act.

6 SECTION 5. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$ or so  
8 much thereof as may be necessary for fiscal year 2021-2022 for  
9 the establishment of full-time equivalent ( .0 FTE) staff  
10 positions for the poker commission.

11 The sum appropriated shall be expended by the department of  
12 business, economic development, and tourism for the purposes of  
13 this Act.

14 SECTION 6. This Act does not affect rights and duties that  
15 matured, penalties that were incurred, and proceedings that were  
16 begun before its effective date.

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

19 SECTION 8. This Act shall take effect on July 1, 2021.

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INTRODUCED BY: Ch Toll

JAN 22 2021



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**Report Title:**

Gaming; State Poker Commission; DBEDT; DCCA; DOTAX; Poker; Appropriation

**Description:**

Establishes a state poker commission to oversee the licensing and operation of specified gaming activities in the State, including live poker rooms. Designates as commissioners the respective directors of business, economic development, and tourism; commerce and consumer affairs; and taxation; or their designees. Appropriates funds.

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