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# A BILL FOR AN ACT

RELATING TO GAMING.

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

1           SECTION 1. The legislature finds that thirty years ago,  
2 Oahu offered a variety of nightly entertainment with numerous  
3 movie theater screens, multiple nightly live musical  
4 performances, a host of night clubs, and many other evening  
5 activities. Within the past decade, many movie theaters,  
6 musical performance venues, and night clubs all closed, leaving  
7 Hawaii visitors with very few nighttime activities.

8           The legislature finds that authorizing a single facility to  
9 conduct poker and sportsbook betting will not only provide  
10 visitors with memorable nighttime activities but will also  
11 stimulate the economy by creating hundreds of jobs and  
12 generating millions of dollars in revenue for the State. By  
13 comparison, other forms of gaming, such as lotteries, internet  
14 gambling, and non-casino electronic gambling, create few quality  
15 jobs and do not generate significant economic development.  
16 Polls have shown that more than seventy per cent of Japanese,



1 Chinese, and Korean visitors approve of a gambling facility on  
2 Oahu.

3 Other locations have found success with legalizing  
4 gambling. Within one year of the first casino opening in  
5 Singapore in 2010, tourism rose to record levels and Singapore's  
6 gaming market reached an estimated \$2,800,000,000.  
7 Jurisdictions that have allowed casino gambling have not  
8 experienced an increase in crime as some had predicted. Two  
9 decades after Connecticut authorized casinos, communities around  
10 the casinos have not experienced an increase in crime, but found  
11 that crime decreased.

12 The legislature further rejects any argument that other  
13 entities may open a gaming casino in Hawaii pursuant to the  
14 Indian Gaming Regulatory Act, which authorized the establishment  
15 of hundreds of Native American gaming operations in other  
16 states. According to the National Indian Gaming Association,  
17 because there are no federally-recognized Native American  
18 nations indigenous to Hawaii, a Native American gaming operation  
19 would not be permissible in Hawaii under the Act.

20 The purpose of this Act is to authorize the establishment  
21 of one gaming facility within a county having a population



1 greater than five hundred thousand residents for poker and  
2 sportsbook betting.

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

6 "CHAPTER

7 GAMING

8 PART I. GENERAL PROVISIONS

9 § -101 Definitions. As used in this chapter, unless the  
10 context clearly requires otherwise:

11 "Affiliate" means a person who, directly or indirectly,  
12 through one or more intermediaries:

- 13 (1) Controls, is controlled by, or is under common control  
14 with;
- 15 (2) Is in a partnership with;
- 16 (3) Is in a joint venture relationship with;
- 17 (4) Is a co-shareholder of a corporation with;
- 18 (5) Is co-member of a limited liability company with; or
- 19 (6) Is a co-partner in a limited liability partnership  
20 with,



1 a person who holds or applies for a gaming license under this  
2 chapter.

3 "Agent" means any individual who is employed by any agency  
4 of the State, other than the commission, and who is assigned to  
5 perform full-time services on behalf of or for the benefit of  
6 the commission, regardless of the title or position held by that  
7 individual.

8 "Applicant" means any person who applies for a license  
9 under this chapter.

10 "Chairperson" means the chairperson of the Hawaii gaming  
11 control commission.

12 "Commission" means the Hawaii gaming control commission.

13 "Department" means the department of business, economic  
14 development, and tourism.

15 "Executive director" means the executive director of the  
16 commission.

17 "Facility" means a freestanding, land-based structure for  
18 gaming and may include bars, restaurants, showrooms, theaters,  
19 or other improvements. "Facility" does not include any  
20 structure used for hotel or other transient accommodation  
21 lodging purposes.



1 "Financial interest" or "financially interested" means any  
2 interest in investments, awarding of contracts, grants, loans,  
3 purchases, leases, sales, or similar matters under consideration  
4 or consummated by the commission or holding a one per cent or  
5 more ownership interest in an applicant or a gaming licensee.  
6 For purposes of this definition, a member, an employee, or an  
7 agent of the commission shall be considered to have a financial  
8 interest in a matter under consideration if any of the following  
9 circumstances exist:

10 (1) The individual owns one per cent or more of any class  
11 of outstanding securities that are issued by a party  
12 to the matter under consideration or consummated by  
13 the commission; or

14 (2) The individual is employed by or is an independent  
15 contractor for a party to the matter under  
16 consideration or consummated by the commission.

17 "Gaming" or "game", as the context may require, means the  
18 operation of poker rooms and sportsbook betting; provided that  
19 sportsbook betting shall not include any game or contest  
20 involving a Hawaii-based team.



1 "Gaming license" means a license to operate and maintain a  
2 facility under this chapter.

3 "Gross receipts":

4 (1) Means the total of:

5 (A) Cash received as winnings;

6 (B) Cash received in payment for credit extended by a  
7 licensee to a patron for purposes of gaming; and

8 (C) Compensation received for conducting any game in  
9 which the licensee is not party to a wager; and

10 (2) Does not include:

11 (A) Counterfeit money or tokens;

12 (B) Coins of other countries that are received in  
13 gaming devices;

14 (C) Cash taken in fraudulent acts perpetrated against  
15 a gaming licensee for which a gaming licensee is  
16 not reimbursed; and

17 (D) Cash received as entry fees for contests or  
18 tournaments in which patrons compete for prizes.

19 "Individual" means a natural person.

20 "Institutional investor" means:



- 1       (1) Any retirement fund administered by a public agency  
2             for the exclusive benefit of federal, state, or county  
3             public employees;
- 4       (2) An employee benefit plan, or pension fund that is  
5             subject to the Employee Retirement Income Security Act  
6             of 1974, as amended;
- 7       (3) An investment company registered under the Investment  
8             Company Act of 1940 (54 Stat. 789, 15 U.S.C. 80a-1 to  
9             80a-3 and 80a-4 to 80a-64);
- 10       (4) A collective investment trust organized by a bank  
11            under title 12 Code of Federal Regulations  
12            section 9.18 of the rules of the United States  
13            Comptroller of the Currency;
- 14       (5) A closed-end investment trust;
- 15       (6) A chartered or licensed life insurance company or  
16            property and casualty insurance company;
- 17       (7) A chartered or licensed financial institution;
- 18       (8) An investment advisor registered under the Investment  
19            Advisers Act of 1940, (54 Stat. 847, 15 U.S.C.  
20            sections 80b-1 to 80b-21 as amended); and



1           (9) Any other person as the commission may determine for  
2                        reasons consistent with this chapter.

3           "Investigative hearing" means any hearing conducted by the  
4 commission or its authorized representative to investigate and  
5 gather information or evidence regarding pending license  
6 applicants, qualifiers, licensees, or alleged or apparent  
7 violations of this chapter or rules adopted by the commission.  
8 An investigative hearing shall include any matter related to a  
9 deficiency.

10          "Occupational license" means a license issued by the  
11 commission to an individual to perform an occupation relating to  
12 gaming in the State that the commission has identified as an  
13 occupation that requires a license.

14          "Outside employment" includes the following:

- 15           (1) Operation of a proprietorship;  
16           (2) Participation in a partnership or group business  
17                enterprise; or  
18           (3) Performance as a director or corporate officer of any  
19                for-profit corporation, or banking or credit  
20                institution.





1 "Person" means an individual, association, partnership,  
2 estate, trust, corporation, limited liability company, or other  
3 legal entity.

4 "Political activity" or "politically-related activity"  
5 includes any of the following:

6 (1) Using the person's official authority or influence for  
7 the purpose of interfering with or affecting the  
8 result of an election;

9 (2) Knowingly soliciting, accepting, or receiving  
10 political campaign contributions from any person;

11 (3) Running for nomination or as a candidate for election  
12 to a political office; or

13 (4) Knowingly soliciting or discouraging the participation  
14 in any political activity of any person who is:

15 (A) Applying for any compensation, grant, contract,  
16 ruling, license, permit, or certificate pending  
17 before the commission; or

18 (B) The subject of or a participant in an ongoing  
19 audit, investigation, or enforcement action being  
20 carried out by the commission.



1 "Qualifier" means an affiliate, affiliated company,  
2 officer, director, or managerial employee of an applicant, or a  
3 person who holds greater than a five per cent direct or indirect  
4 interest in an applicant. As used in this definition,  
5 "affiliate" and "affiliated company" do not include a  
6 partnership, joint venture relationship, co-shareholder of a  
7 corporation, co-member of a limited liability company, or  
8 co-partner in a limited liability partnership that has a five  
9 per cent or less direct interest in the applicant and is not  
10 involved in the gaming to be conducted by the applicant.

11 "Supplier" means a person that the commission has  
12 identified under rules adopted by the commission as requiring a  
13 license to provide a gaming licensee with goods or services  
14 regarding the realty, construction, maintenance, or business of  
15 a proposed or existing facility on a regular or continuing  
16 basis, including junket enterprises, security businesses,  
17 manufacturers, distributors, persons who service gaming devices  
18 or equipment, garbage haulers, maintenance companies, food  
19 purveyors, and construction companies.



1 "Supplier license" means a license that authorizes a person  
2 to furnish any equipment, devices, supplies, or services for  
3 gaming permitted under this chapter.

4 **PART II. HAWAII GAMING CONTROL COMMISSION**

5 **§ -201 Hawaii gaming control commission; established.**

6 There is established the Hawaii gaming control commission within  
7 the department of business, economic development, and tourism  
8 for administrative purposes only. The commission shall be a  
9 body corporate and a public instrumentality of the State for the  
10 purpose of implementing this chapter.

11 **§ -202 Members, chairperson, officers; appointment. (a)**

12 The commission shall consist of seven members to be appointed by  
13 the governor under section 26-34. Of the seven members, two  
14 shall be appointed from a list of nominees submitted by the  
15 president of the senate and two shall be appointed from a list  
16 of nominees submitted by the speaker of the house of  
17 representatives.

18 (b) A vacancy on the commission shall be filled for the  
19 unexpired term in the same manner as the original appointment.

20 (c) The commission shall elect a chairperson from among  
21 its members.



1 (d) Officers of the commission shall be selected by the  
2 members.

3 § -203 **Member applicant disclosure.** In addition to any  
4 other disclosures required by the governor or by law, an  
5 individual, before appointment as a member, shall disclose to  
6 the governor any involvement during the past five years with any  
7 gambling or casino interest.

8 § -204 **Member requirements.** (a) Each member of the  
9 commission shall:

- 10 (1) Be a resident of the State;
- 11 (2) Serve part-time;
- 12 (3) Be paid compensation of \$300 for each day in the  
13 performance of official duties; and
- 14 (4) Be reimbursed for expenses, including travel expenses,  
15 incurred in the performance of official duties.

16 (b) Before assuming the duties of office, each member of  
17 the commission shall:

- 18 (1) Take an oath that the member shall faithfully execute  
19 the duties of office according to the laws of the  
20 State; and



1           (2) File and maintain with the director a bond in the sum  
2           of \$25,000 with good and sufficient sureties. The  
3           cost of any bond for any member of the commission  
4           under this section shall be considered a part of the  
5           necessary expenses of the commission.

6           (c) By January 31 of each year, each member of the  
7           commission shall file with the commission a disclosure form in  
8           which the member shall:

9           (1) Affirm that neither:

10           (A) The member;

11           (B) The member's spouse or civil union partner;

12           (C) Any individual of the first degree of  
13           consanguinity to the member; or

14           (D) Any spouse or civil union partner of any  
15           individual of the first degree of consanguinity  
16           to the member;

17           is a member of the board of directors of, financially  
18           interested in, or employed by a licensee or applicant  
19           or licensed by the commission;

20           (2) Affirm that each individual within the second degree  
21           of consanguinity is not licensed by the commission;



1 (3) Affirm that the member continues to meet all other  
2 criteria for commission membership under this chapter  
3 and the rules adopted by the commission;

4 (4) Disclose any legal or beneficial interest in any real  
5 property that is or may be directly or indirectly  
6 involved with gaming authorized by this chapter; and

7 (5) Disclose any other information that may be required to  
8 ensure that the integrity of the commission and its  
9 work is maintained.

10 (d) Any member who receives an ex parte communication in  
11 violation of section -310, or who is aware of an attempted  
12 communication in violation of section -310, shall immediately  
13 report in writing to the chairperson details of the  
14 communication or attempted communication, including the source  
15 and content of the communication.

16 § -205 **Member disqualifications.** No member of the  
17 commission shall:

- 18 (1) Be an elected state official;
- 19 (2) Be licensed by the commission or be an official of,  
20 have a financial interest in, or have a financial  
21 relationship with any gaming or gambling operation;



1           (3) Be related, within the second degree of consanguinity  
2           or affinity, to any individual who is licensed by the  
3           commission under this chapter; or

4           (4) Have been under indictment, been convicted, pled  
5           guilty or nolo contendere, or forfeited bail for a  
6           felony or a misdemeanor involving gambling or fraud  
7           under the laws of this State, any other state, or the  
8           United States, or for violation of a local ordinance  
9           involving gambling or fraud that substantially  
10          corresponds to a misdemeanor in that state, within the  
11          ten years prior to appointment.

12          §    **-206 Member removal.** The president of the senate or  
13 speaker of the house of representatives may request that the  
14 governor remove or suspend a member of the commission that they  
15 nominated for the commission. Upon receipt of a request from  
16 the president of the senate or the speaker of the house of  
17 representatives, and after due notice and public hearing, the  
18 governor may remove or suspend that member for cause.

19          §    **-207 Powers and duties of the commission.** (a) The  
20 commission shall have all powers necessary to regulate all  
21 gaming operations, including the power to:



- 1       (1) Administer, regulate, and enforce the gaming structure  
2             authorized by this chapter;
- 3       (2) Issue licenses under this chapter;
- 4       (3) Determine the number of supplier and occupational  
5             licenses issued under this chapter;
- 6       (4) Adopt standards for licensing under this chapter;
- 7       (5) Establish and collect fees for licenses under this  
8             chapter and provide for the collection, receipt, and  
9             accounting of all taxes imposed under this chapter;
- 10      (6) Enter at any time the premises, offices, facility, or  
11             other places of business of a gaming licensee or  
12             supplier licensee, without a warrant and without  
13             notice to a gaming licensee or a supplier licensee,  
14             where evidence of compliance or noncompliance with  
15             this chapter or rules is likely to be found. Entry is  
16             authorized to:
  - 17             (A) Inspect and examine all premises wherein the  
18                 business of a gaming licensee or the business of  
19                 a supplier licensee is conducted, or where any  
20                 records of the activities are prepared;





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- 1           (B)   Inspect, examine, audit, impound, seize, or
- 2                   assume physical control of, or summarily remove
- 3                   from the premises all books, ledgers, documents,
- 4                   writings, photocopies of correspondence records,
- 5                   videotapes, including electronically stored
- 6                   records, money receptacles, other containers and
- 7                   their contents, equipment in which the records
- 8                   are stored, or other equipment and supplies on or
- 9                   around the premises;
- 10          (C)   Inspect any person and inspect, examine, and
- 11                   seize personal effects present in a gaming
- 12                   facility licensed under this chapter or the
- 13                   office or place of business of a gaming licensee
- 14                   or supplier licensee; and
- 15          (D)   Investigate and deter alleged violations of this
- 16                   chapter or rules adopted by the commission;
- 17         (7)   Investigate alleged violations of this chapter and
- 18                   take disciplinary action against a gaming licensee for
- 19                   a violation, institute legal action for enforcement,
- 20                   or both;



- 1       (8) Be present, through its inspectors and agents, at the  
2       facility or business office of a gaming licensee to  
3       verify revenue, receive complaints from the public, or  
4       conduct other investigations into the conduct of a  
5       gaming licensee and the maintenance of the equipment;
- 6       (9) Employ any personnel necessary to carry out its  
7       duties;
- 8       (10) Adopt appropriate standards for gaming;
- 9       (11) Require that records, including financial or other  
10      statements, of a gaming licensee be kept in a manner  
11      prescribed by the commission and that a gaming  
12      licensee submit to the commission an annual balance  
13      sheet and profit and loss statement; a list of  
14      stockholders or other persons having a five per cent  
15      or greater beneficial interest in the gaming  
16      activities of a gaming licensee; and any other  
17      information the commission deems necessary to  
18      effectively administer this chapter;
- 19      (12) Conduct hearings, issue subpoenas for the attendance  
20      of witnesses and subpoenas duces tecum for the  
21      production of books, records, and other pertinent



1 documents, and administer oaths and affirmations to  
2 witnesses for purposes of this chapter. The executive  
3 director or the executive director's designee may  
4 issue subpoenas and administer oaths and affirmations  
5 to witnesses;

6 (13) Prescribe any employment application form to be used  
7 by a gaming licensee for prospective employees;

8 (14) Exclude, or authorize the exclusion of, any individual  
9 from gaming where the individual is in violation of  
10 this chapter or, based upon the individual's conduct  
11 or reputation, the individual's presence within the  
12 facility, in the opinion of the commission, may call  
13 into question the honesty and integrity of the gaming  
14 operation or interfere with the orderly conduct  
15 thereof, or any other action that, in the opinion of  
16 the commission, is a detriment or impediment to the  
17 gaming operations; provided that the propriety of that  
18 exclusion shall be subject to a subsequent hearing by  
19 the commission;

20 (15) Permit a gaming licensee to use a wagering system  
21 whereby wagerers' money may be converted to tokens,



- 1           electronic cards, or chips, that shall be used only  
2           for wagering within the facility;
- 3           (16) Suspend, revoke, or restrict any license issued under  
4           this chapter and require the removal of a licensee or  
5           employee of a licensee for a violation of this chapter  
6           or a rule adopted by the commission, or for engaging  
7           in a fraudulent practice;
- 8           (17) Impose and collect fines of up to \$5,000 against  
9           individuals and up to \$10,000 or an amount equal to  
10          the daily gross receipts, whichever is larger, against  
11          a gaming licensee or a supplier licensee for each  
12          violation of this chapter, any rule adopted by the  
13          commission, or for any other action that, in the  
14          commission's discretion, is a detriment or impediment  
15          to gaming operations;
- 16          (18) Establish minimum levels of insurance to be maintained  
17          by a gaming licensee or a supplier licensee;
- 18          (19) Establish a process to facilitate and expedite  
19          approval of licenses and permits necessary for a  
20          gaming licensee to begin regular gaming operations;



- 1       (20) Establish its own procedures for the issuance of
- 2             liquor licenses for a gaming license under this
- 3             chapter; provided that all state laws and county
- 4             ordinances relating to liquor are satisfied;
- 5       (21) Delegate the execution of any of its powers for the
- 6             purpose of administering and enforcing this chapter;
- 7             and
- 8       (22) Adopt rules under chapter 91 to implement this
- 9             chapter, including rules that:
  - 10            (A) Govern, restrict, approve, or regulate gaming
  - 11                authorized by this chapter;
  - 12            (B) Promote the safety, security, and integrity of
  - 13                gaming authorized by this chapter;
  - 14            (C) License and regulate, consistent with the
  - 15                qualifications and standards set forth in this
  - 16                chapter, persons participating in or involved
  - 17                with gaming authorized by this chapter; and
  - 18            (D) Take any other action that may be reasonable or
  - 19                appropriate to enforce this chapter and rules
  - 20                adopted by the commission.

1 (b) This section is not intended to limit warrantless  
2 inspections except in accordance with constitutional  
3 requirements.

4 (c) The commission shall collaborate with the Hawaii  
5 tourism authority to identify high value markets for the  
6 facility and develop and implement marketing strategies for  
7 those markets.

8 (d) The commission shall adopt rules under chapter 91  
9 establishing a code of ethics for its employees, including a  
10 prohibition on employees participating in or wagering on any  
11 game or gaming operation subject to the jurisdiction of the  
12 commission. The code of ethics shall be separate from and in  
13 addition to any standards of conduct set forth under chapter 84.

14 § -208 **Chairperson; reports.** (a) The chairperson shall  
15 report to the commission at its next meeting any action the  
16 chairperson has taken or contemplates taking under this chapter  
17 with respect to an employee or agent or former employee or  
18 former agent. The commission may direct the executive director  
19 to take additional or different action.

20 (b) The chairperson may investigate or initiate an  
21 investigation of any matter reported under section -204(d)



1 or -310(d) with the assistance of the attorney general and  
 2 other law enforcement agencies to determine if the communication  
 3 violates sections -204 or -310 or other state law. The  
 4 disclosure under this section and the investigation shall remain  
 5 confidential. Following an investigation, the chairperson shall  
 6 advise the governor and the commission of the results of the  
 7 investigation and may recommend action that the chairperson  
 8 considers appropriate.

9 (c) All disclosures and reports under this chapter shall  
 10 be filed with the commission.

11 **§ -209 Meetings; hearings.** (a) The commission shall  
 12 hold at least one meeting subject to chapter 92 in each quarter  
 13 of the state fiscal year. The chairperson or any four members  
 14 may call for a special meeting; provided that written notice of  
 15 a special meeting shall be provided to each member not less than  
 16 seventy-two hours before the meeting. Four members shall  
 17 constitute a quorum, and a majority vote of the members present  
 18 shall be required for any final determination by the commission.  
 19 The commission shall keep a complete and accurate record of all  
 20 its meetings.



1           (b) Upon order of the commission, one of the commission  
2 members, or a hearings officer designated by the commission, may  
3 conduct a hearing related to gaming and may recommend findings  
4 and decisions to the commission. The record made at the time of  
5 the hearing shall be reviewed by the commission and the findings  
6 and decisions of the majority of the commission shall constitute  
7 the order of the commission in that case.

8           (c) Any party aggrieved by an action of the commission  
9 denying, suspending, revoking, restricting, or refusing to renew  
10 a license under this chapter may request a hearing before the  
11 commission. A request for a hearing shall be made to the  
12 commission in writing within five days after service of notice  
13 of the action of the commission. The commission shall conduct  
14 all requested hearings promptly and in reasonable order.

15           (d) Notice of the actions of the commission shall be  
16 served either by personal delivery or by certified mail, postage  
17 prepaid, to the aggrieved party. Notice served by certified  
18 mail shall be deemed complete on the business day following the  
19 date of the mailing.

20           § -210 **Executive director of the Hawaii gaming control**  
21 **commission.** (a) The commission shall appoint an executive





1 director who shall be subject to the commission's supervision.

2 The executive director shall:

- 3 (1) Hold office at the pleasure of the commission;
- 4 (2) Be exempt from chapters 76 and 89;
- 5 (3) Devote full time to the duties of the office;
- 6 (4) Not hold any other office or employment;
- 7 (5) Perform all duties that the commission assigns;
- 8 (6) Receive an annual salary at an amount set by the  
9 commission;
- 10 (7) Be reimbursed for expenses actually and necessarily  
11 incurred in the performance of the executive  
12 director's duties;
- 13 (8) Preserve all records, books, documents, and other  
14 papers belonging to the commission or entrusted to its  
15 care relating to gaming;
- 16 (9) Set the salaries of employees hired under this  
17 section; and
- 18 (10) Keep records of all proceedings of the commission.

19 (b) Except as otherwise provided by law, the executive  
20 director may:



- 1           (1) Hire assistants, other officers, and employees, who
- 2                   shall be exempt from chapters 76 and 89 and who shall
- 3                   serve at the pleasure of the executive director; and
- 4           (2) Appoint committees and consultants necessary for the
- 5                   efficient operation of gaming; provided that no
- 6                   individual hired or appointed under this subsection
- 7                   shall:
- 8                   (A) Be an elected state official;
- 9                   (B) Be licensed by the commission under this chapter,
- 10                   or be an official of, have a financial interest
- 11                   in, or have a financial relationship with, any
- 12                   gaming operation subject to the jurisdiction of
- 13                   the commission;
- 14                   (C) Be related within the second degree of
- 15                   consanguinity or affinity to any individual who
- 16                   is licensed by the commission under this chapter;
- 17                   or
- 18                   (D) Have been under indictment, been convicted, pled
- 19                   guilty or nolo contendere, or forfeited bail for
- 20                   a felony or misdemeanor concerning gambling or
- 21                   fraud under the laws of this State, any other

1 state, or the United States, or for a violation  
2 of a local ordinance involving gambling or fraud  
3 that substantially corresponds to a misdemeanor  
4 in that state, within the ten years prior to  
5 employment.

6 § -211 **Commission employees.** No individual shall be  
7 employed by the commission if:

8 (1) During the three years immediately preceding  
9 appointment or employment, the individual held any  
10 direct or indirect interest in, or was employed by:

11 (A) A licensee under this chapter; or

12 (B) A gaming license applicant;

13 provided that the individual seeking employment may be  
14 employed by the commission if the individual's  
15 interest in any licensee would not, in the opinion of  
16 the commission, interfere with the objective discharge  
17 of the individual's employment obligations; provided  
18 further that no individual having a controlling  
19 interest in a licensee shall be employed by the  
20 commission; or



- 1           (2) The individual or the individual's spouse, parent,
- 2           child, child's spouse, or sibling:
- 3           (A) Is a member of the commission;
- 4           (B) Is a director of or has a financial interest in a
- 5           gaming licensee;
- 6           (C) Is a director of or has a financial interest in a
- 7           supplier licensee; or
- 8           (D) Has an application for any license pending before
- 9           the commission.

10           §   -212 **Employee, agent of commission; pre-employment**

11 **disclosure.** Before employment as an employee or agent of the  
12 commission, an individual shall disclose any involvement during  
13 the past five years with any gaming or casino.

14           §   -213 **Hawaii gaming control commission employees;**

15 **financial disclosures.** Each employee or agent of the  
16 commission, except the executive director, shall file with the  
17 commission at the time of employment a financial disclosure  
18 statement listing all assets, liabilities, property and business  
19 interests, and sources of income of the employee and the  
20 employee's spouse.



1           §   -214   Member, employee, or agent of commission;  
2   **conduct.**   Any member, employee, or agent of the commission who:  
3           (1)   Becomes aware that the member, employee, or agent of  
4                the commission, or their spouse, parent, or child, is  
5                a member of the board of directors of, financially  
6                interested in, or employed by a licensee or an  
7                applicant shall immediately provide detailed written  
8                notice thereof to the chairperson;  
9           (2)   Has been indicted for, charged with, convicted of,  
10               pled guilty or nolo contendere to, or forfeited bail  
11               for:  
12               (A)   A misdemeanor involving gambling, dishonesty,  
13                     theft, or fraud;  
14               (B)   A local ordinance in any state involving  
15                     gambling, dishonesty, theft, or fraud that  
16                     substantially corresponds to a misdemeanor in  
17                     that state; or  
18               (C)   A felony under Hawaii law or the law of any other  
19                     jurisdiction;  
20               shall immediately provide detailed written notice of  
21               the charge or conviction to the chairperson;



- 1           (3) Is negotiating for, or acquires by any means, any  
2           interest in a gaming licensee or an applicant, or is  
3           affiliated with a gaming licensee or applicant, shall  
4           immediately provide written notice of the details of  
5           the interest to the chairperson. The member,  
6           employee, or agent of the commission shall not act on  
7           behalf of the commission with respect to that person;
- 8           (4) Receives an invitation, written or oral, to initiate a  
9           discussion concerning employment or the possibility of  
10          employment with a person, or affiliate of a person,  
11          who is a licensee or an applicant shall immediately  
12          report the invitation to the chairperson. The member,  
13          employee, or agent of the commission shall not take  
14          action on behalf of the commission with respect to  
15          that person;
- 16          (5) Is offered a bribe in violation of this chapter shall  
17          immediately provide a written account of the details  
18          of the incident to the chairperson and to a law  
19          enforcement agency having jurisdiction; and
- 20          (6) Acquires a financial interest in a licensee or  
21          applicant, or affiliate or representative of a



1 licensee or applicant through no intentional action of  
2 the employee or agent, shall divest or terminate the  
3 financial interest within thirty days. An individual  
4 who has been offered employment with the commission  
5 and any employee's, agent's, or member's spouse,  
6 parent, or child who acquires a financial interest in  
7 a licensee or applicant, or affiliate or  
8 representative of a licensee or applicant through no  
9 intentional action of the individual who has been  
10 offered employment with the commission, member,  
11 employee, or agent of the commission shall divest or  
12 terminate the financial interest within thirty days.  
13 Any employee or agent may be terminated by the  
14 chairperson if the interest has not been divested  
15 after thirty days.

16 § -215 **Member, employee, or agent of commission;**  
17 **prohibitions.** No member, employee, or agent of the commission  
18 shall:

- 19 (1) Engage in political activity or politically-related  
20 activity during the duration of the individual's  
21 appointment or employment;



- 1           (2) Enter into any negotiations for employment with any  
2           person or affiliate of any person who is a licensee or  
3           an affiliate; provided that if a member, an employee,  
4           or an agent of the commission does enter into any  
5           negotiations for employment with any person or  
6           affiliate of any person who is a licensee or an  
7           affiliate, the member, employee, or agent of the  
8           commission shall immediately provide written notice of  
9           the details of any negotiations or discussions to the  
10          chairperson, and the member, employee, or agent of the  
11          commission shall not take any action on behalf of the  
12          commission with respect to that person for the  
13          duration of any negotiations for employment;
- 14          (3) Accept any gift, gratuity, compensation, travel,  
15          lodging, or anything of value, directly or indirectly,  
16          from any licensee, applicant, or any affiliate or  
17          representative of an applicant or licensee or allow  
18          any parent, spouse, sibling, or child of a member,  
19          employee, or agent of the commission to do so, unless  
20          the acceptance conforms to a written policy or  
21          directive issued by the chairperson or the commission;





1 provided that if any member, employee, or agent of the  
2 commission or any parent, spouse, sibling, or child of  
3 a member, employee, or agent of the commission is  
4 offered or receives any gift, gratuity, compensation,  
5 travel, lodging, or anything of value, directly or  
6 indirectly, from any licensee or any applicant or  
7 affiliate or representative of an applicant or  
8 licensee, that member, employee, or agent of the  
9 commission shall immediately provide written  
10 notification of the details to the chairperson;

11 (4) Engage in any conduct that constitutes a conflict of  
12 interest, and shall immediately provide written  
13 notification to the chairperson of the details of any  
14 incident or circumstances that would present the  
15 appearance of a conflict of interest with respect to  
16 the performance of commission-related work or duty of  
17 the member, employee, or agent of the commission; or

18 (5) Participate in or wager on any game conducted by any  
19 applicant or licensee, or any affiliate of an  
20 applicant or licensee, in the State; gamble in any  
21 casino of a licensee, applicant, or affiliate; or use



1 an online gambling platform of a licensee, applicant,  
2 or affiliate; provided that:

3 (A) A member, employee, or agent of the commission  
4 may participate in and wager on a game conducted  
5 by a licensee under this chapter, to the extent  
6 authorized by the chairperson or commission as  
7 part of the member's surveillance, security, or  
8 other official duties for the commission; and

9 (B) A member, employee, or agent of the commission  
10 shall advise the chairperson at least twenty-four  
11 hours in advance if the member plans to be  
12 present in the facility in the State, or a casino  
13 in another jurisdiction, operated by a licensee,  
14 applicant, or affiliate of a licensee or  
15 applicant, outside the scope of their official  
16 duties for the commission.

17 § -216 **Employee; outside employment.** (a) No employee  
18 or agent of the commission shall engage in employment outside  
19 the commission if the nature of the outside employment creates a  
20 possible conflict of interest or otherwise interferes with the  
21 duties of the employee or agent for the commission.



1           (b) Each applicant for employment with the commission or  
2 applicant to be an agent of the commission shall disclose all  
3 outside employment held at the time of application.

4           (c) Each employee or agent of the commission who obtains  
5 outside employment while an employee or agent of the commission  
6 shall disclose the nature of the outside employment to the  
7 executive director.

8           (d) No activities involving outside employment shall be  
9 conducted on premises used by the commission or during the  
10 employee's working hours for the commission.

11           § **-217 Confidentiality.** A member, employee, or agent of  
12 the commission, or former member, employee, or agent of the  
13 commission, shall not disseminate or otherwise disclose any  
14 material or information in the possession of the commission that  
15 the commission considers confidential, unless specifically  
16 authorized to do so by the chairperson or the commission.

17           § **-218 Post-employment, post-membership; restrictions.**

18           (a) Within five years after the date of termination of the  
19 individual's membership in or employment with the commission, a  
20 member of the commission or the executive director shall not  
21 hold direct or indirect interest in, be employed by, or enter



1 into a contract for service with any applicant or person  
2 licensed by the commission.

3 (b) Within three years after the date of termination of  
4 the member's term of office or the employee's period of  
5 employment with the commission, a commission member or an  
6 individual employed by the commission shall not represent a  
7 person or party, other than the State, before or against the  
8 commission.

9 (c) For not less than three years after termination of an  
10 individual's employment with the commission, the individual  
11 shall not acquire any direct or indirect interest in, be  
12 employed by, or enter into a contract for services with any  
13 applicant or person licensed by the commission.

14 (d) A business entity in which an employee, an agent, or a  
15 former member of the commission has an interest, or any partner,  
16 officer, or employee of the business entity, shall not make any  
17 appearance or representation before the commission from which  
18 that former member, employee, or agent is prohibited. As used  
19 in this subsection, "business entity" means a corporation,  
20 limited liability company, partnership, limited liability  
21 partnership association, trust, or other form of legal entity.



1           §   -219   **Former member, employee, agent of the commission;**  
2   **witness.** A former member, employee, or agent of the commission  
3 may appear before the commission as a witness testifying as to  
4 factual matters or actions handled by the member, employee, or  
5 agent during the individual's tenure as a member, employee, or  
6 agent of the commission. The member, employee, or agent of the  
7 commission shall not receive compensation for the appearance  
8 other than a standard witness fee and reimbursement for travel  
9 expenses as established by statute or court rule.

10           §   -220   **Member, employee, or agent of commission;**  
11   **penalties.** (a) Violation of this chapter by a member of the  
12 commission shall constitute cause for removal under  
13 section 26-34(d) or other disciplinary action as determined by  
14 the commission.

15           (b) Violation of this chapter by an employee or agent of  
16 the commission shall not result in termination of employment or  
17 require other disciplinary action if the commission determines  
18 that the conduct involved does not violate the purpose of this  
19 chapter; provided that employment shall be terminated:

20           (1) If the employee or agent is a spouse, parent, child,  
21               or spouse of a child of a commission member; or



1           (2) If, after being offered employment or having begun  
2           employment with the commission, the employee or agent  
3           intentionally acquires a financial interest in a  
4           licensee or applicant, or affiliate or representative  
5           of a licensee or applicant.

6           §   **-221 Annual report.** The commission shall file a  
7           written report with the governor and legislature at least sixty  
8           days prior to the close of each fiscal year and shall file any  
9           additional reports that the governor or legislature request.

10          The annual report shall include:

- 11           (1) A statement of receipts and disbursements related to
- 12           gaming under this chapter;
- 13           (2) Actions taken by the commission; and
- 14           (3) Any additional information and recommendations that
- 15           the commission may deem valuable or which the governor
- 16           or legislature may request.

17           §   **-222 No civil cause of action.** A violation of this  
18          part shall not create a civil cause of action.



**PART III. GAMING LICENSE**

**SUBPART A. GAMING LICENSE APPLICATIONS**

**§ -301 Authorization of gaming; one gaming license. (a)**

Gaming shall only be authorized in one facility located in the geographic area designated by a county having a population greater than five hundred thousand residents.

(b) Within one hundred and twenty days of its appointment, the commission shall adopt necessary rules and make applications available for a gaming license to operate the facility.

Applications for a gaming license shall be submitted to the commission no later than sixty days after the date that applications are made available. The commission shall select one applicant that best meets the criteria under this subpart no later than ninety days after the deadline to submit applications to the commission. If the selected applicant meets all requirements of this chapter, the commission shall issue a gaming license to the applicant within one hundred and twenty days after the date the applicant is selected.

(c) The commission shall not issue more than one active gaming license.



1           §   -302   **Application for a gaming license.**   (a)   Each  
2   applicant for a gaming license shall be a resident of the State  
3   for at least fifteen years immediately preceding the submission  
4   of the application.  If an entity submits an application, a  
5   principal of the entity shall be a resident of the State for the  
6   fifteen years immediately preceding the submission of the  
7   application.

8           (b)   A person, including a qualifier, may apply to the  
9   commission for a gaming license.  The application shall be made  
10   under oath on forms provided by the commission and shall contain  
11   information as prescribed by the commission, including the  
12   following:

13           (1)   The name, business address, telephone number, social  
14                security number, and any applicable federal tax  
15                identification number of the applicant and every  
16                qualifier;

17           (2)   An identification of any business, including, if  
18                applicable, the state of incorporation or registration  
19                in which the applicant or qualifier has an equity  
20                interest of more than five per cent.  If the applicant  
21                or qualifier is a corporation, partnership or other





1 business entity, the applicant or qualifier shall  
2 identify any other corporation, partnership, or other  
3 business entity in which it has an equity interest of  
4 more than five per cent, including, if applicable, the  
5 state of incorporation or registration. The applicant  
6 or qualifier may comply with this paragraph by filing  
7 a copy of the applicant's or qualifier's registration  
8 with the United States Securities and Exchange  
9 Commission if the registration contains the  
10 information required by this paragraph;

11 (3) Whether the applicant or qualifier has been indicted,  
12 convicted, pled guilty or nolo contendere, or  
13 forfeited bail for a felony within the last ten years  
14 or for a misdemeanor involving gambling, theft, or  
15 fraud within the last ten years, not including traffic  
16 violations, including the date, name, and location of  
17 the court, arresting agency, prosecuting agency, the  
18 case caption, docket number, offense, disposition, and  
19 location and length of any incarceration;

20 (4) Whether the applicant or qualifier has ever been  
21 granted any license or certificate issued by a



1           licensing authority in the State, or any other  
2           jurisdiction, that has been restricted, suspended,  
3           revoked, or not renewed, and a statement describing  
4           the facts and circumstances concerning the  
5           application, denial, restriction, suspension,  
6           revocation, or nonrenewal, including the licensing or  
7           codifying authority, the date each action was taken,  
8           and the reason for each action;

9           (5) Whether the applicant or qualifier, within the last  
10          ten years, has filed or had filed against it a civil  
11          or administrative action or proceeding in bankruptcy  
12          or has been involved in any formal process to adjust,  
13          defer, suspend, or otherwise address the payment of  
14          any debt, including the date of filing, name, and  
15          location of the court, case caption, docket number,  
16          and disposition;

17          (6) Whether the applicant or qualifier, within the last  
18          five taxable years, has failed to pay any final amount  
19          of tax due and payable under federal, state, or local  
20          law, after exhaustion of all interagency appeals



- 1 processes, including the amount, type of tax, taxing  
2 jurisdiction, and time periods involved;
- 3 (7) A statement listing the names and titles of all public  
4 officials or officers of any unit of state or county  
5 government in the State, and the spouses, parents, and  
6 children of those public officials or officers who,  
7 directly or indirectly, own any financial interest in,  
8 have any beneficial interest in, are the creditors of  
9 or hold any debt instrument issued by, or hold or have  
10 an interest in any contractual or service relationship  
11 with, the applicant or a qualifier. As used in this  
12 paragraph, "public official" or "officer" does not  
13 include an individual who would be listed solely  
14 because of the individual's state or federal military  
15 service;
- 16 (8) The name and business telephone number of any  
17 attorney, counsel, or any other person representing an  
18 applicant or a qualifier in matters before the  
19 commission; and
- 20 (9) For the applicant only, a development plan for the  
21 facility that includes:



- 1 (A) A description of the proposed gaming facility,  
2 including the economic benefit to the community;
- 3 (B) Anticipated or actual number of employees;
- 4 (C) Any statement from an applicant regarding  
5 compliance with federal and state affirmative  
6 action guidelines;
- 7 (D) Projected or actual admissions;
- 8 (E) Projected or actual gross receipts; and
- 9 (F) Scientific market research, if any.

10 (c) Applicants shall submit with their application a plan  
11 for training residents of the State for jobs that are available  
12 to develop and support gaming. The plan shall take into  
13 consideration the need to provide training to low-income  
14 individuals to enable them to qualify for jobs that will be  
15 created by a gaming licensee.

16 (d) Each applicant and qualifier shall disclose the  
17 identity of every person having a greater than five per cent  
18 direct or indirect financial interest in a gaming operation for  
19 which a gaming license is sought. If the disclosed entity is a:

- 20 (1) Trust, the application shall disclose the names and  
21 addresses of the beneficiaries;



1           (2) Corporation, the application shall disclose the names  
2                   and addresses of all stockholders and directors; or

3           (3) Partnership, the application shall disclose the names  
4                   and addresses of all partners, both general and  
5                   limited.

6           (e) To demonstrate financial ability, the applicant may  
7 include the economic resources of the person or persons who will  
8 operate the facility, and any qualifiers.

9           (f) Each applicant and qualifier shall submit with the  
10 application two sets of the applicant's fingerprints on forms  
11 provided by the commission.

12           (g) An applicant shall pay an application fee of \$50,000  
13 to the commission at the time of filing to defray the costs  
14 associated with any background investigation conducted by the  
15 commission. If the costs of the investigation exceed \$50,000,  
16 the applicant shall pay the additional amount to the commission.  
17 If the costs of the investigation are less than \$50,000, the  
18 applicant shall receive a refund of the remaining amount. All  
19 information, records, interviews, reports, statements,  
20 memoranda, or other data supplied to or used by the commission  
21 in the course of its review or investigation of an application



1 for a license shall be confidential, used only for the purpose  
2 of evaluating an applicant, and exempt from public disclosure  
3 required by chapter 92F, and shall not be admissible as  
4 evidence, nor discoverable in any action of any kind in any  
5 court or before any tribunal, commission, agency, or person,  
6 except for any action deemed necessary by the commission.

7       § -303 **Gaming license application; denial.** (a) The  
8 commission shall deny an application for a gaming license if:

- 9       (1) Within the last ten years, the applicant has been  
10           convicted of a felony under the laws of this State,  
11           any other state, or the United States;
- 12       (2) The applicant has been convicted of any violation  
13           under part III of chapter 712, or substantially  
14           similar laws of another jurisdiction;
- 15       (3) The applicant has knowingly submitted an application  
16           for a gaming license under this chapter that contains  
17           false information;
- 18       (4) The applicant is a member of the commission;
- 19       (5) The firm or corporation applying for a gaming license  
20           employs an individual described in paragraph (1), (2),  
21           (3), or (4) who participates in the management or



1 operation of gaming operations authorized under this  
2 chapter;

3 (6) A gaming license under this chapter has been issued to  
4 the applicant and later revoked; or

5 (7) Within the last ten years, a license to own or operate  
6 any form of gambling venture, including online or  
7 casino gambling, in any jurisdiction has been issued  
8 to the applicant and later revoked.

9 (b) An incomplete application shall be cause for denial by  
10 the commission of a gaming license.

11 § -304 **Application deficiency.** (a) If the executive  
12 director identifies an apparent deficiency in an application  
13 that would require denial of the application or the  
14 disqualification of a qualifier, the executive director shall  
15 notify the affected applicant or qualifier in writing of the  
16 apparent deficiency. The applicant or qualifier may then  
17 request an informal conference with the executive director to  
18 discuss the deficiency.

19 (b) The executive director shall provide to the applicant  
20 or qualifier a reasonable period of time to correct the  
21 deficiency. If the deficiency is not corrected within a



1 reasonable time period, the executive director shall find that  
2 the deficiency has not been corrected. Following this finding,  
3 the affected applicant or qualifier shall have an opportunity to  
4 appeal the executive director's finding of a deficiency to the  
5 commission. The commission shall conduct an investigative  
6 hearing, under section -209 and in accordance with rules  
7 adopted under this chapter, to determine whether there is  
8 sufficient evidence to support a deficiency finding. At the  
9 hearing, the burden of proof shall be on the executive director  
10 to demonstrate that the finding of a deficiency is supported by  
11 law and facts. Any finding by the commission about a deficiency  
12 of an applicant or qualifier shall not constitute a final  
13 determination by the commission as to the suitability of the  
14 applicant to hold a license, or the suitability of a qualifier  
15 to hold an ownership interest in a gaming license applicant.

16 (c) At any time prior to a finding by the commission that  
17 a qualifier is unsuitable to hold an ownership interest in a  
18 gaming license applicant, a qualifier shall have the ability to  
19 sell its ownership interest in a gaming license applicant.

20 (d) A qualifier who has been issued a finding of a  
21 deficiency shall have the right to request that the commission





1 expand the deficiency hearing under this section to include a  
2 determination of the qualifier's suitability to hold an  
3 ownership interest in a gaming license applicant. If that  
4 request is made, the commission shall determine the suitability  
5 of the affected qualifier separate from the suitability of the  
6 applicant and any of its other qualifiers. A request by a  
7 qualifier for an extended hearing under this section shall not  
8 prevent the commission from issuing a license to the applicant.  
9 Until the commission determines that a qualifier under this  
10 section is suitable to hold an ownership interest in the  
11 applicant, the applicant or licensee shall not do any of the  
12 following:

- 13 (1) Make any direct or indirect payment or distribution of  
14 revenue or other benefit to the qualifier that is  
15 related in any way to the qualifier's interest in the  
16 applicant; or
- 17 (2) Pay any direct or indirect compensation to the  
18 qualifier for services rendered to the applicant,  
19 unless specifically approved and authorized by the  
20 commission.



1           **§ -305 Criteria for award of a gaming license.**   (a)

2 Information provided on a gaming license application shall be  
3 used as the basis for a background investigation that the  
4 commission shall conduct with respect to each applicant and  
5 qualifier.

6           (b) A gaming license to operate a gaming facility shall be  
7 awarded based upon the following criteria:

8           (1) Whether the applicant's facility development plan for  
9           the facility will generate jobs and revenue in the  
10           local economy;

11           (2) Whether the applicant has the financial resources and  
12           ability to construct the facility, based upon the  
13           submitted financial data and other facts;

14           (3) Whether the applicant has the financial ability to  
15           purchase and maintain adequate liability and casualty  
16           insurance and to provide an adequate surety bond;

17           (4) Whether the applicant has adequate capitalization to  
18           develop, construct, maintain, and operate, for the  
19           duration of the license, the proposed facility, in  
20           accordance with the requirements of this chapter and  
21           rules adopted by the commission, and to responsibly



1 pay off its secured and unsecured debts, in accordance  
2 with its financing agreement and other contractual  
3 obligations;

4 (5) The extent to which the applicant or any of its  
5 qualifiers demonstrate that they have assisted the  
6 State in developing gaming through their commitment of  
7 resources to support, promote, and establish gaming in  
8 the State. Expenditures of time, money, and effort  
9 shall all be considered in connection with this  
10 criterion. The timing of participation shall further  
11 influence this criterion, with early participation and  
12 contribution to the development program receiving more  
13 favorable consideration;

14 (6) The extent to which the applicant or any of its  
15 qualifiers demonstrate that they have at least four  
16 years of experience in helping to revitalize an urban  
17 area by successfully planning, developing, and opening  
18 a land-based casino in any state that previously did  
19 not permit gaming. The experience in planning,  
20 developing, and opening a land-based casino in an  
21 urban area in the past five years shall receive more



1 favorable consideration for this criterion. For  
2 purposes of this paragraph, "urban area" means a  
3 jurisdiction having a population of at least seven  
4 hundred fifty thousand;

5 (7) Whether the applicant or any of its qualifiers has  
6 been indicted, convicted, pled guilty or nolo  
7 contendere, or forfeited bail for a felony within the  
8 last ten years or for a misdemeanor involving  
9 gambling, theft, or fraud within the last ten years,  
10 not including traffic violations;

11 (8) Whether the applicant or any of its qualifiers, within  
12 the last ten years:

13 (A) Has filed, or had filed against it, a proceeding  
14 for bankruptcy; or

15 (B) Has been involved in any formal process to  
16 adjust, defer, suspend, or otherwise address the  
17 payment of any debt;

18 (9) Whether an applicant or any of its qualifiers, within  
19 the last five taxable years, has failed to pay any  
20 final amount of tax due and payable under federal,



1 state, or local law, after exhaustion of all  
 2 interagency appeals processes; and  
 3 (10) Whether the applicant meets other standards for the  
 4 issuance of a gaming license that the commission may  
 5 have adopted by rule. No rule adopted under chapter  
 6 91 shall be arbitrary, capricious, or contradictory to  
 7 the expressed provisions of this chapter but shall  
 8 further define and clarify the above-listed  
 9 conditions, rather than create new conditions for  
 10 licensure.

11 § -306 Institutional investor. (a) Unless the  
 12 commission determines that an institutional investor is  
 13 unqualified, an institutional investor holding less than ten per  
 14 cent of the equity securities or ten per cent of the debt  
 15 securities of a gaming licensee's affiliate or affiliated  
 16 company that is related in any way to the financing of a gaming  
 17 licensee, shall be granted a waiver of the eligibility and  
 18 suitability requirements if:

19 (1) The securities represent a percentage of the  
 20 outstanding debt of the affiliate or affiliated  
 21 company not exceeding twenty per cent, or a percentage

1 of any issue of the outstanding debt of the affiliate  
2 or affiliated company not exceeding fifty per cent;

3 (2) The securities are those of a publicly traded  
4 corporation and its holdings of the securities were  
5 purchased for investment purposes only; and

6 (3) Upon request by the commission, the institutional  
7 investor files with the commission a certified  
8 statement that it has no intention of influencing or  
9 affecting the affairs of the issuer, a gaming  
10 licensee, or its affiliate or affiliated company.

11 (b) The commission may grant a waiver under this section  
12 to an institutional investor holding a higher percentage of  
13 securities than allowed in subsection (a) upon a showing of good  
14 cause and if the conditions specified in subsection (a) are met.

15 (c) An institutional investor granted a waiver under this  
16 section that subsequently intends to influence or affect the  
17 affairs of the issuer shall provide notice to the commission and  
18 file an application for a determination of eligibility and  
19 suitability before taking any action that may influence or  
20 affect the affairs of the issuer.



1           (d) Notwithstanding any provisions of this chapter, an  
2 institutional investor may vote on all matters that are put to  
3 the vote of the outstanding security holders of the issuer.

4           (e) If an institutional investor changes its investment  
5 intent or if the commission finds that the institutional  
6 investor is unqualified, no action other than divestiture of the  
7 security holdings shall be taken until there has been compliance  
8 with this chapter.

9           (f) A gaming licensee or an affiliate or affiliated  
10 company of a gaming licensee shall immediately notify the  
11 commission of any information concerning an institutional  
12 investor holding its equity or debt securities that may affect  
13 the eligibility and suitability of the institutional investor  
14 for a waiver under this section.

15           (g) If the commission finds that an institutional  
16 investor, holding any security of an affiliate or affiliated  
17 company of a gaming licensee that is related in any way to the  
18 financing of a gaming licensee, fails to comply with the  
19 requirements of this section, or if at any time the commission  
20 finds that, by reason of the extent or nature of its holdings,  
21 an institutional investor is in a position to exercise a



1 substantial impact upon the controlling interests of a gaming  
2 licensee, the commission may take any action necessary to  
3 protect the public interest, including requiring the  
4 institutional investor to satisfy the eligibility and  
5 suitability requirements under sections -302, -305,  
6 and -307.

7       **§ -307 Bond of gaming licensee.** Before a gaming license  
8 is issued, an applicant shall file with the department a bond in  
9 the sum of \$200,000. The bond shall be used to guarantee that a  
10 gaming licensee faithfully makes the payments, keeps books and  
11 records, makes reports, and conducts gaming in conformity with  
12 this chapter and rules adopted by the commission. The bond  
13 shall not be canceled by a surety less than thirty days after  
14 providing written notice to the commission. If a bond is  
15 canceled and the licensee fails to file a new bond with the  
16 commission in the required amount on or before the effective  
17 date of cancellation, the licensee's license shall be revoked.  
18 The total and aggregate liability of the surety on the bond  
19 shall be limited to the amount specified in the bond.





1           §    -308   **Gaming license; term.**   The term of a gaming  
2 license shall be ten years and shall be renewable for additional  
3 ten-year terms according to rules adopted by the commission.

4           §    -309   **Revocation of gaming license.**   The commission may  
5 revoke a gaming license if a gaming licensee fails to begin  
6 regular gaming operations within twelve months of receipt of the  
7 commission's approval of the application and upon a finding by  
8 the commission that a gaming license revocation is in the best  
9 interest of the State.

10          §    -310   **Gaming licensee or applicant; prohibitions; ex**  
11 **parte communications.**   (a)   A licensee or applicant shall not  
12 knowingly initiate a negotiation for, or discussion of,  
13 employment with a member, employee, or agent of the commission  
14 and shall immediately provide written notice of the details of  
15 any such negotiation or discussion to the chairperson.

16           (b)   An applicant or licensee, or affiliate or  
17 representative of an applicant or licensee, shall not, directly  
18 or indirectly, knowingly give or offer to give any gift,  
19 gratuity, compensation, travel, lodging, or anything of value to  
20 any member, employee, or agent of the commission that the



1 member, employee, or agent of the commission is prohibited from  
2 accepting.

3 (c) An applicant or licensee or any affiliate or  
4 representative of an applicant or licensee shall not engage in  
5 ex parte communications concerning a pending application,  
6 license, or enforcement action with members of the commission.  
7 A member of the commission shall not engage in any ex parte  
8 communications with a licensee or an applicant, or with any  
9 affiliate or representative of an applicant or licensee,  
10 concerning a pending application, license, or enforcement  
11 action.

12 (d) Any applicant or licensee, or affiliate or  
13 representative of licensee or applicant, who receives any ex  
14 parte communication in violation of this section from a member,  
15 or who is aware of an attempted communication in violation of  
16 this section, shall immediately report in writing to the  
17 chairperson details of the communication or attempted  
18 communication.

19 (e) Violation of this section by an applicant, a licensee,  
20 or affiliate or representative of a licensee or applicant, may  
21 result in denial of an application for licensure, revocation or



1 suspension of a license, or other disciplinary action by the  
2 commission.

3                   **SUBPART B. GAMING LICENSEE OPERATIONS**

4           **§ -351 Conduct of gaming.** Gaming conducted by a gaming  
5 licensee shall be subject to the following:

- 6           (1) The site of the facility shall be restricted to the  
7           area specified in § -301(a);
- 8           (2) The facility shall be a standalone building or  
9           buildings and shall not be located within a hotel;
- 10          (3) Minimum and maximum wagers on games shall be set by a  
11          gaming licensee; provided that the maximum permitted  
12          wager for sportsbook gaming shall not exceed \$1,500  
13          per event;
- 14          (4) The facility shall not have more than thirty poker  
15          tables, and each poker table shall not seat more than  
16          ten players and one dealer;
- 17          (5) No person under twenty-one years of age shall be  
18          permitted in an area of the facility where gaming is  
19          being conducted, except for a person at least eighteen  
20          years of age who is an employee of the facility. No  
21          employee under twenty-one years of age shall perform



1 any function involved in gaming. No person under  
2 twenty-one years of age shall be permitted to make a  
3 wager under this chapter;

4 (6) Wagering for poker shall not be conducted with money  
5 or other negotiable currency;

6 (7) Gaming equipment and supplies customarily used in  
7 conducting gaming shall be purchased or leased only  
8 from suppliers licensed under this chapter;

9 (8) All tokens, chips, or electronic cards used to make  
10 wagers shall only be purchased from a licensed owner  
11 within the facility. The tokens, chips, or electronic  
12 cards may be purchased by means of an agreement under  
13 which the owner extends credit to the patron. The  
14 tokens, chips, or electronic cards shall be used while  
15 within the facility only for the purpose of making  
16 wagers on authorized games; and

17 (9) All rules adopted by the commission.

18 § **-352 Gaming facility admission.** (a) The facility  
19 shall only admit individuals twenty-one years of age or older.

20 (b) A gaming licensee shall adopt rules governing  
21 admission and make those rules available to the general public.



1 (c) This section shall not require the facility to admit  
2 any individual who has violated any gaming licensee rule or who  
3 is prohibited from entering the facility pursuant to law or  
4 order of a court.

5 § -353 **In person wagers; remote wagers.** (a) During the  
6 first three years of operation of the gaming facility:

7 (1) All wagers shall be received from an individual  
8 present in the facility; and

9 (2) No individual present in the facility shall place or  
10 attempt to place a wager on behalf of another  
11 individual who is not present in the facility.

12 (b) After the first three years of operation of the  
13 facility, a gaming licensee may allow sportsbook wagers to be  
14 made through the Internet; provided that no individual making a  
15 wager with the facility shall place a wager on behalf of another  
16 individual. Any individual who places a wager pursuant to this  
17 subsection shall satisfy the gaming facility admission  
18 requirements of section -352 and wagers shall be subject to  
19 the maximum permitted wager limits for sportsbook gaming in the  
20 facility.



1           §    **-354 Collection of amounts owing under credit**  
2 **agreements.** Notwithstanding any other law to the contrary, a  
3 gaming licensee who extends credit to an individual for the  
4 purpose of making a wager at the facility shall be expressly  
5 authorized to institute a cause of action to collect any amounts  
6 due and owing under the extension of credit as well as a gaming  
7 licensee's costs, expenses, and reasonable attorney's fees  
8 incurred in collection.

9           §    **-355 Training occupational licensees.** A gaming  
10 licensee may:  
11           (1) Train occupational licensees; or  
12           (2) Enter into an agreement with another entity to train  
13           occupational licensees,  
14 in the facility or at a location away from the facility;  
15 provided that the training does not violate any other law or  
16 rule.

17                                   **SUBPART C. GAMING LICENSEE FINANCIALS**

18           §    **-375 Gaming licensee; audited statements.** (a) A  
19 gaming licensee, at its own expense, shall submit to the  
20 commission within ninety days after the close of its fiscal year  
21 its annual financial statements and a report of an independent



1 certified public accountant who has prepared or examined those  
2 statements. For good cause, the commission may grant a gaming  
3 licensee an additional thirty days to file the annual financial  
4 statements required by this section.

5 (b) The audited financial statements shall be prepared in  
6 accordance with generally accepted accounting principles and the  
7 examination by the independent certified public accountant shall  
8 be performed in accordance with generally accepted auditing  
9 standards.

10 (c) Except with the written approval of the commission, a  
11 gaming licensee shall not be deemed in compliance with this  
12 section if the independent certified public accountant expresses  
13 a qualified or adverse opinion or a disclaimer of opinion. A  
14 request for approval shall be filed by a gaming licensee  
15 concurrently with the filing of the audited financial statements  
16 and the independent certified public accountant's report. The  
17 request shall be in letter form and shall contain arguments as  
18 to why the audited financial statements and the independent  
19 certified public accountant's report should be considered  
20 acceptable. Failure to comply with this section shall authorize



1 the commission to order an independent audit at the expense of a  
2 gaming licensee.

3 (d) Failure to furnish any report or information as and  
4 when required under this section shall be cause for the  
5 commission to impose an administrative penalty of \$ per  
6 day for each day that the report or information is overdue. In  
7 addition, if the report or information is not filed within  
8 thirty days of the required deadline, the commission may  
9 prohibit a gaming licensee from accepting new business until the  
10 report or information is filed.

11 § -376 Gaming licensee; profits. (a) No later than  
12 thirty days after the submission of its annual financial  
13 statements, a gaming licensee shall make a payment to the  
14 commission equal to the licensee's gross profits for its  
15 previous fiscal year, multiplied by the percentage indicated in  
16 subsection (b).

17 (b) For purposes of the percentage in subsection (a), for  
18 the:

- 19 (1) First year of operation, seventy per cent;
- 20 (2) Second year of operation, sixty-five per cent;
- 21 (3) Third year of operation, sixty per cent;





- 1 (4) Fourth year of operation, fifty-five per cent;
  - 2 (5) Fifth year of operation, fifty per cent;
  - 3 (6) Sixth year of operation, forty-five per cent;
  - 4 (7) Seventh year of operation, forty per cent;
  - 5 (8) Eighth year of operation, thirty-five per cent;
  - 6 (9) Ninth year of operation, thirty per cent;
  - 7 (10) Tenth year of operation, twenty-five per cent;
  - 8 (11) Eleventh year of operation, twenty per cent;
  - 9 (12) Twelfth year of operation, fifteen per cent;
  - 10 (13) Thirteenth year of operation, ten per cent; and
  - 11 (14) Fourteenth year of operation, five per cent.
- 12 (c) The commission shall deposit all funds received under  
 13 this section into the wildfire fund established under  
 14 section 346- .

**PART IV. GAMING SUPPLIES**

16 § -401 **Supplier license; when required.** No person shall  
 17 furnish in excess of \$500,000 worth of equipment, devices, or  
 18 supplies to a gaming licensee unless that person has first  
 19 obtained a supplier license under this chapter.

20 § -402 **Supplier license; applications.** (a) The  
 21 commission may issue a supplier license to any person, firm, or



1 corporation that pays a nonrefundable application fee, as set by  
2 the commission, upon a determination by the commission that the  
3 applicant is eligible for a supplier license and upon payment by  
4 the applicant of a \$5,000 license fee.

5 (b) Supplier licenses shall be renewable annually upon  
6 payment of the \$5,000 annual license fee and a determination by  
7 the commission that the licensee continues to meet all  
8 requirements of this part.

9 (c) A person, firm, or corporation shall be ineligible to  
10 receive a supplier license if:

- 11 (1) Within the last ten years, the person has been  
12 convicted of a felony under the laws of this State,  
13 any other state, or the United States;
- 14 (2) The person has been convicted of any violation under  
15 part III of chapter 712, or substantially similar laws  
16 of another jurisdiction;
- 17 (3) The person has knowingly submitted an application for  
18 a license under this chapter that contains false  
19 information;
- 20 (4) The person is a member of the commission;



1 (5) The firm or corporation is one in which a person  
2 described in paragraph (1), (2), (3), or (4) is an  
3 officer, director, or managerial employee;

4 (6) The firm or corporation employs a person described in  
5 paragraph (1), (2), (3), or (4) who participates in  
6 the management or operation of gaming authorized under  
7 this chapter; or

8 (7) A license issued to the person, firm, or corporation  
9 under this chapter, or a license to own or operate any  
10 gambling facility or online gambling in any other  
11 jurisdiction, has been revoked.

12 (d) Any person who knowingly makes a false statement on an  
13 application is guilty of a petty misdemeanor.

14 § -403 **Supplier requirements.** (a) Each licensed  
15 supplier shall:

16 (1) Furnish to the commission a list of all equipment,  
17 devices, and supplies offered for sale or lease in  
18 connection with gaming authorized under this chapter;

19 (2) Keep books and records for the furnishing of  
20 equipment, devices, and supplies to gaming operations



1 separate and distinct from any other business that the  
2 supplier might operate;

3 (3) File quarterly returns with the commission listing all  
4 sales and leases;

5 (4) Permanently affix its name to all its equipment,  
6 devices, and supplies, used for gaming operations; and

7 (5) File an annual report listing its inventories of  
8 gaming equipment, devices, and supplies.

9 (b) No gaming supplier shall distribute supplies and  
10 equipment worth more than \$500,000 unless that distribution  
11 conforms to standards adopted by the rules of the commission.

12 § -404 **Supply repairs.** Any gaming equipment, device, or  
13 supply provided by a supplier licensee may be repaired in the  
14 facility or moved from the facility to a location owned by a  
15 gaming licensee for repair.

16 § -405 **Supply forfeiture.** Any equipment, device, or  
17 supplies that are used by any person in an unauthorized gambling  
18 operation shall be forfeited to the county in which the gaming  
19 facility is situated.

20 **PART V. GAMING OCCUPATIONS**



1           §   **-501 Occupational license; required.** No individual  
2 shall be employed by a gaming licensee without a valid  
3 occupational license issued under this chapter.

4           §   **-502 Occupational license; application.** (a) The  
5 commission may issue an occupational license to an individual  
6 upon:

- 7           (1) Submission of an application form prescribed by the  
8               commission;
- 9           (2) Submission of two sets of the applicant's  
10            fingerprints;
- 11          (3) The payment of a nonrefundable application fee set by  
12            the commission. The amount of the fee shall be  
13            sufficient to defray the costs associated with the  
14            search and classification of fingerprints obtained by  
15            the commission with respect to the application and any  
16            other expenses to process the application;
- 17          (4) A determination by the commission that the applicant  
18            meets the requirements for an occupational license;  
19            and
- 20          (5) Payment of an annual license fee in an amount set by  
21            the commission.



1           (b) Each application for an occupational license shall be  
2 on a form prescribed by the commission and shall contain all  
3 information required by the commission. The form shall require  
4 the disclosure of whether the applicant:

5           (1) Has been issued prior gambling-related licenses in any  
6 jurisdiction;

7           (2) Has been issued a gambling-related license in any  
8 other jurisdiction under any other name, and, if so,  
9 the name and the applicant's age at that time; and

10          (3) Has had a gambling-related license issued from any  
11 other jurisdiction suspended, restricted, or revoked,  
12 and, if so, for what period of time.

13          (c) To be eligible for an occupational license, an  
14 applicant shall:

15          (1) Be at least twenty-one years of age;

16          (2) Not have been convicted of a felony offense in any  
17 jurisdiction or a crime involving dishonesty or moral  
18 turpitude within the last ten years;

19          (3) Have demonstrated a level of skill or knowledge that  
20 the commission determines to be necessary to operate  
21 games in the facility; and



1           (4) Have met standards for the holding of an occupational  
2           license, as provided in rules adopted by the  
3           commission, including background inquiries and other  
4           requirements.

5           (d) The commission may deny an application for an  
6 occupational license because the applicant:

- 7           (1) Is unqualified to perform the duties required;
- 8           (2) Has failed to disclose or has stated falsely any  
9           information called for in the application;
- 10          (3) Has been found guilty of a violation of this chapter;
- 11          (4) Previously had a gambling-related permit, license, or  
12          application that was suspended, restricted, revoked,  
13          or denied for just cause in any other jurisdiction; or
- 14          (5) For any other just cause.

15          (e) A person who knowingly makes a false statement on an  
16 application for an occupational license shall be guilty of a  
17 petty misdemeanor.

18          § -503 **Occupational license; term.** Any occupational  
19 license issued under this part shall be valid for one year from  
20 the date of issuance and shall be renewable annually upon  
21 payment of the annual license fee and a determination by the



1 commission that the licensee continues to meet all of the  
2 requirements of this chapter.

3       **§ -504 Occupational license; suspension, revocation,**  
4 **restriction.** The commission may suspend, revoke, or restrict  
5 any occupational license:

- 6       (1) For any violation of this chapter;
- 7       (2) For any violation of the rules of the commission;
- 8       (3) For any cause which, if known to the commission, would  
9       have disqualified the applicant from receiving an  
10       occupational license;
- 11       (4) For default in the payment of any obligation or debt  
12       due to the State or any county within the State; or
- 13       (5) For any other just cause.

14                               **PART VI. MISCELLANEOUS PROVISIONS**

15       **§ -601 The state gaming fund; disposition of revenues**  
16 **collected.** There is established within the state treasury the  
17 state gaming fund to be administered by the commission into  
18 which shall be deposited all fees received, fines collected, and  
19 general excise tax revenues realized under section 237-31.  
20 Moneys from the state gaming fund shall be used to fund:





1           (1) A compulsive gamblers assistance program under  
2           section     -603;  
3           (2) Public security at the facility;  
4           (3) Administrative expenses of the commission; and  
5           (4) Marketing of the facility;  
6 provided that no more than one per cent of the tax revenues  
7 collected in any fiscal year under section 237-13(9) shall be  
8 expended to fund the public security at the facility and the  
9 administrative expenses of the commission.

10           §   -602   **Legislative oversight; assessments; audits.**   (a)  
11 After the first fiscal year of operation, the auditor shall  
12 conduct a financial and social assessment of gaming operations.  
13 Thereafter, the auditor shall conduct biennial financial and  
14 social assessments of gaming operations. In conducting the  
15 assessments, the auditor shall identify the financial impacts of  
16 gaming on the state economy and social impacts of gaming upon  
17 the community. The auditor shall submit a report of its  
18 findings and recommendations to the legislature no later than  
19 twenty days prior to the convening of the next regular session  
20 after the initial and biennial assessments are completed.



1 (b) After the first full fiscal year of operation, the  
2 auditor shall conduct a program and financial audit of the  
3 Hawaii gaming commission. Thereafter, the auditor shall conduct  
4 a program and financial audit every four years after the initial  
5 audit is completed.

6 § -603 **Compulsive gambler assistance program.** The  
7 commission shall create and implement a program to assist  
8 individuals who are identified as compulsive gamblers and shall  
9 train operational licensees to identify and monitor potential  
10 compulsive gambling behavior."

11 SECTION 3. Chapter 346, Hawaii Revised Statutes, is  
12 amended by adding a new section to part I to be appropriately  
13 designated and to read as follows:

14 "§346- Wildfire fund; disposition of gaming profits.

15 (a) There is established within the state treasury the wildfire  
16 fund to be administered by the department into which shall be  
17 deposited the portion of the profits received by the Hawaii  
18 gaming control commission under section -376.

19 (b) Subject to available funds, the department shall issue  
20 grants to one or more nonprofit entities, which shall guarantee  
21 that all of the grant moneys shall be awarded to victims of



1 wildfire disasters that occurred in the State between July 1,  
2 2023, and June 30, 2024."

3 SECTION 4. Chapter 712, Hawaii Revised Statutes, is  
4 amended by adding a new section to part III to be appropriately  
5 designated and to read as follows:

6 "§712- Gaming; exempted. This part shall not apply to  
7 gaming as authorized by chapter ."

8 SECTION 5. Section 84-17, Hawaii Revised Statutes, is  
9 amended by amending subsection (c) to read as follows:

10 "(c) The following persons shall file annually with the  
11 state ethics commission a disclosure of financial interests:

12 (1) The governor, lieutenant governor, members of the  
13 legislature, and delegates to the constitutional  
14 convention; provided that delegates to the  
15 constitutional convention shall only be required to  
16 file initial disclosures;

17 (2) The directors and their deputies, the division chiefs,  
18 the executive directors and the executive secretaries  
19 and their deputies, the purchasing agents and the  
20 fiscal officers, regardless of the titles by which the



- 1           foregoing persons are designated, of every state  
2           agency and department;
- 3           (3) The permanent employees of the legislature and its  
4           service agencies, other than persons employed in  
5           clerical, secretarial, or similar positions;
- 6           (4) The administrative director of the State, and  
7           assistants in the office of the governor and  
8           lieutenant governor, other than persons employed in  
9           clerical, secretarial, or similar positions;
- 10          (5) The hearings officers of every state agency and  
11          department;
- 12          (6) The president, vice presidents, assistant vice  
13          presidents, chancellors, and provosts of the  
14          University of Hawaii and its community colleges;
- 15          (7) The superintendent, deputy superintendent, assistant  
16          superintendents, complex area superintendents, state  
17          librarian, and deputy state librarian of the  
18          department of education;
- 19          (8) The administrative director and deputy director of the  
20          courts;



- 1           (9) The members of every state board or commission whose  
2           original terms of office are for periods exceeding one  
3           year and whose functions are not solely advisory;
- 4           (10) Candidates for state elective offices, including  
5           candidates for election to the constitutional  
6           convention, provided that candidates shall only be  
7           required to file initial disclosures;
- 8           (11) The administrator and assistant administrator of the  
9           office of Hawaiian affairs;
- 10          (12) The Hawaii unmanned aerial systems test site chief  
11          operating officer; [~~and~~]
- 12          (13) The members of the school facilities board appointed  
13          by the governor[-]; and
- 14          (14) The executive director, assistants, officers, and  
15          employees of the Hawaii gaming control commission."

16           SECTION 6. Section 237-13, Hawaii Revised Statutes, is  
17 amended to read as follows:

18           "**§237-13 Imposition of tax.** There is hereby levied and  
19 shall be assessed and collected annually privilege taxes against  
20 persons on account of their business and other activities in the  
21 State measured by the application of rates against values of



1 products, gross proceeds of sales, or gross income, whichever is  
2 specified, as follows:

3 (1) Tax on manufacturers.

4 (A) Upon every person engaging or continuing within  
5 the State in the business of manufacturing,  
6 including compounding, canning, preserving,  
7 packing, printing, publishing, milling,  
8 processing, refining, or preparing for sale,  
9 profit, or commercial use, either directly or  
10 through the activity of others, in whole or in  
11 part, any article or articles, substance or  
12 substances, commodity or commodities, the amount  
13 of the tax to be equal to the value of the  
14 articles, substances, or commodities,  
15 manufactured, compounded, canned, preserved,  
16 packed, printed, milled, processed, refined, or  
17 prepared for sale, as shown by the gross proceeds  
18 derived from the sale thereof by the manufacturer  
19 or person compounding, preparing, or printing  
20 them, multiplied by one-half of one per cent.



1           (B) The measure of the tax on manufacturers is the  
2           value of the entire product for sale.

3           (2) Tax on business of selling tangible personal property;  
4           producing.

5           (A) Upon every person engaging or continuing in the  
6           business of selling any tangible personal  
7           property whatsoever, there is likewise hereby  
8           levied, and shall be assessed and collected, a  
9           tax equivalent to four per cent of the gross  
10          proceeds of sales of the business; provided that,  
11          in the case of a wholesaler, the tax shall be  
12          equal to one-half of one per cent of the gross  
13          proceeds of sales of the business; and provided  
14          further that insofar as the sale of tangible  
15          personal property is a wholesale sale under  
16          section 237-4(a)(8), the tax shall be one-half of  
17          one per cent of the gross proceeds. Upon every  
18          person engaging or continuing within this State  
19          in the business of a producer, the tax shall be  
20          equal to one-half of one per cent of the gross



1           proceeds of sales of the business, or the value  
2           of the products, for sale.

3           (B) Gross proceeds of sales of tangible property in  
4           interstate and foreign commerce shall constitute  
5           a part of the measure of the tax imposed on  
6           persons in the business of selling tangible  
7           personal property, to the extent, under the  
8           conditions, and in accordance with the provisions  
9           of the Constitution of the United States and the  
10          Acts of the Congress of the United States which  
11          may be now in force or may be hereafter adopted,  
12          and whenever there occurs in the State an  
13          activity to which, under the Constitution and  
14          Acts of Congress, there may be attributed gross  
15          proceeds of sales, the gross proceeds shall be so  
16          attributed.

17          (C) No manufacturer or producer, engaged in such  
18          business in the State and selling the  
19          manufacturer's or producer's products for  
20          delivery outside of the State (for example,  
21          consigned to a mainland purchaser via common





1 carrier f.o.b. Honolulu), shall be required to  
2 pay the tax imposed in this chapter for the  
3 privilege of so selling the products, and the  
4 value or gross proceeds of sales of the products  
5 shall be included only in determining the measure  
6 of the tax imposed upon the manufacturer or  
7 producer.

8 (D) A manufacturer or producer, engaged in such  
9 business in the State, shall pay the tax imposed  
10 in this chapter for the privilege of selling its  
11 products in the State, and the value or gross  
12 proceeds of sales of the products, thus subjected  
13 to tax, may be deducted insofar as duplicated as  
14 to the same products by the measure of the tax  
15 upon the manufacturer or producer for the  
16 privilege of manufacturing or producing in the  
17 State; provided that no producer of agricultural  
18 products who sells the products to a purchaser  
19 who will process the products outside the State  
20 shall be required to pay the tax imposed in this



1 chapter for the privilege of producing or selling  
2 those products.

3 (E) A taxpayer selling to a federal cost-plus  
4 contractor may make the election provided for by  
5 paragraph (3) (C), and in that case the tax shall  
6 be computed pursuant to the election,  
7 notwithstanding this paragraph or paragraph (1)  
8 to the contrary.

9 (F) The department, by rule, may require that a  
10 seller take from the purchaser of tangible  
11 personal property a certificate, in a form  
12 prescribed by the department, certifying that the  
13 sale is a sale at wholesale; provided that:

14 (i) Any purchaser who furnishes a certificate  
15 shall be obligated to pay to the seller,  
16 upon demand, the amount of the additional  
17 tax that is imposed upon the seller whenever  
18 the sale in fact is not at wholesale; and

19 (ii) The absence of a certificate in itself shall  
20 give rise to the presumption that the sale



1                   is not at wholesale unless the sales of the  
2                   business are exclusively at wholesale.

3       (3) Tax upon contractors.

4           (A) Upon every person engaging or continuing within  
5           the State in the business of contracting, the tax  
6           shall be equal to four per cent of the gross  
7           income of the business.

8           (B) In computing the tax levied under this paragraph,  
9           there shall be deducted from the gross income of  
10          the taxpayer so much thereof as has been included  
11          in the measure of the tax levied under  
12          subparagraph (A), on another taxpayer who is a  
13          contractor, as defined in section 237-6; provided  
14          that any person claiming a deduction under this  
15          paragraph shall be required to show in the  
16          person's return the name and general excise  
17          number of the person paying the tax on the amount  
18          deducted by the person.

19          (C) In computing the tax levied under this paragraph  
20          against any federal cost-plus contractor, there  
21          shall be excluded from the gross income of the

1 contractor so much thereof as fulfills the  
2 following requirements:

3 (i) The gross income exempted shall constitute  
4 reimbursement of costs incurred for  
5 materials, plant, or equipment purchased  
6 from a taxpayer licensed under this chapter,  
7 not exceeding the gross proceeds of sale of  
8 the taxpayer on account of the transaction;  
9 and

10 (ii) The taxpayer making the sale shall have  
11 certified to the department that the  
12 taxpayer is taxable with respect to the  
13 gross proceeds of the sale, and that the  
14 taxpayer elects to have the tax on gross  
15 income computed the same as upon a sale to  
16 the state government.

17 (D) A person who, as a business or as a part of a  
18 business in which the person is engaged, erects,  
19 constructs, or improves any building or  
20 structure, of any kind or description, or makes,  
21 constructs, or improves any road, street,



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1 sidewalk, sewer, or water system, or other  
2 improvements on land held by the person (whether  
3 held as a leasehold, fee simple, or otherwise),  
4 upon the sale or other disposition of the land or  
5 improvements, even if the work was not done  
6 pursuant to a contract, shall be liable to the  
7 same tax as if engaged in the business of  
8 contracting, unless the person shows that at the  
9 time the person was engaged in making the  
10 improvements the person intended, and for the  
11 period of at least one year after completion of  
12 the building, structure, or other improvements  
13 the person continued to intend to hold and not  
14 sell or otherwise dispose of the land or  
15 improvements. The tax in respect of the  
16 improvements shall be measured by the amount of  
17 the proceeds of the sale or other disposition  
18 that is attributable to the erection,  
19 construction, or improvement of such building or  
20 structure, or the making, constructing, or  
21 improving of the road, street, sidewalk, sewer,



1           or water system, or other improvements. The  
2           measure of tax in respect of the improvements  
3           shall not exceed the amount which would have been  
4           taxable had the work been performed by another,  
5           subject as in other cases to the deductions  
6           allowed by subparagraph (B). Upon the election  
7           of the taxpayer, this paragraph may be applied  
8           notwithstanding that the improvements were not  
9           made by the taxpayer, or were not made as a  
10          business or as a part of a business, or were made  
11          with the intention of holding the same. However,  
12          this paragraph shall not apply in respect of any  
13          proceeds that constitute or are in the nature of  
14          rent, which shall be taxable under paragraph (9);  
15          provided that insofar as the business of renting  
16          or leasing real property under a lease is taxed  
17          under section 237-16.5, the tax shall be levied  
18          by section 237-16.5.

- 19          (4) Tax upon theaters, amusements, radio broadcasting  
20          stations, etc.



1           (A) Upon every person engaging or continuing within  
2           the State in the business of operating a theater,  
3           opera house, moving picture show, vaudeville,  
4           amusement park, dance hall, skating rink, radio  
5           broadcasting station, or any other place at which  
6           amusements are offered to the public, the tax  
7           shall be equal to four per cent of the gross  
8           income of the business, and in the case of a sale  
9           of an amusement at wholesale under  
10          section 237-4(a)(13), the tax shall be one-half  
11          of one per cent of the gross income.

12          (B) The department may require that the person  
13          rendering an amusement at wholesale take from the  
14          licensed seller a certificate, in a form  
15          prescribed by the department, certifying that the  
16          sale is a sale at wholesale; provided that:

17               (i) Any licensed seller who furnishes a  
18               certificate shall be obligated to pay to the  
19               person rendering the amusement, upon demand,  
20               the amount of additional tax that is imposed

1                   upon the seller whenever the sale is not at  
2                   wholesale; and

3                   (ii) The absence of a certificate in itself shall  
4                   give rise to the presumption that the sale  
5                   is not at wholesale unless the person  
6                   rendering the sale is exclusively rendering  
7                   the amusement at wholesale.

8                   (5) Tax upon sales representatives, etc. Upon every  
9                   person classified as a representative or purchasing  
10                  agent under section 237-1, engaging or continuing  
11                  within the State in the business of performing  
12                  services for another, other than as an employee, there  
13                  is likewise hereby levied and shall be assessed and  
14                  collected a tax equal to four per cent of the  
15                  commissions and other compensation attributable to the  
16                  services so rendered by the person.

17                  (6) Tax on service business.

18                  (A) Upon every person engaging or continuing within  
19                  the State in any service business or calling  
20                  including professional services not otherwise  
21                  specifically taxed under this chapter, there is



1           likewise hereby levied and shall be assessed and  
2           collected a tax equal to four per cent of the  
3           gross income of the business, and in the case of  
4           a wholesaler under section 237-4(a)(10), the tax  
5           shall be equal to one-half of one per cent of the  
6           gross income of the business.

7           (B) The department may require that the person  
8           rendering a service at wholesale take from the  
9           licensed seller a certificate, in a form  
10          prescribed by the department, certifying that the  
11          sale is a sale at wholesale; provided that:

12          (i) Any licensed seller who furnishes a  
13               certificate shall be obligated to pay to the  
14               person rendering the service, upon demand,  
15               the amount of additional tax that is imposed  
16               upon the seller whenever the sale is not at  
17               wholesale; and

18          (ii) The absence of a certificate in itself shall  
19               give rise to the presumption that the sale  
20               is not at wholesale unless the person



1 rendering the sale is exclusively rendering  
2 services at wholesale.

3 (C) Where any person is engaged in the business of  
4 selling interstate or foreign common carrier  
5 telecommunication services within and without the  
6 State, other than as a home service provider, the  
7 tax shall be imposed on that portion of gross  
8 income received by a person from service which is  
9 originated or terminated in this State and is  
10 charged to a telephone number, customer, or  
11 account in this State notwithstanding any other  
12 state law (except for the exemption under  
13 section 237-23(a)(1)) to the contrary. If, under  
14 the Constitution and laws of the United States,  
15 the entire gross income as determined under this  
16 paragraph of a business selling interstate or  
17 foreign common carrier telecommunication services  
18 cannot be included in the measure of the tax, the  
19 gross income shall be apportioned as provided in  
20 section 237-21; provided that the apportionment



1 factor and formula shall be the same for all  
2 persons providing those services in the State.  
3 (D) Where any person is engaged in the business of a  
4 home service provider, the tax shall be imposed  
5 on the gross income received or derived from  
6 providing interstate or foreign mobile  
7 telecommunications services to a customer with a  
8 place of primary use in this State when the  
9 services originate in one state and terminate in  
10 another state, territory, or foreign country;  
11 provided that all charges for mobile  
12 telecommunications services which are billed by  
13 or for the home service provider are deemed to be  
14 provided by the home service provider at the  
15 customer's place of primary use, regardless of  
16 where the mobile telecommunications originate,  
17 terminate, or pass through; provided further that  
18 the income from charges specifically derived from  
19 interstate or foreign mobile telecommunications  
20 services, as determined by books and records that  
21 are kept in the regular course of business by the



1 home service provider in accordance with  
2 section 239-24, shall be apportioned under any  
3 apportionment factor or formula adopted under  
4 subparagraph (C). Gross income shall not  
5 include:

6 (i) Gross receipts from mobile  
7 telecommunications services provided to a  
8 customer with a place of primary use outside  
9 this State;

10 (ii) Gross receipts from mobile  
11 telecommunications services that are subject  
12 to the tax imposed by chapter 239;

13 (iii) Gross receipts from mobile  
14 telecommunications services taxed under  
15 section 237-13.8; and

16 (iv) Gross receipts of a home service provider  
17 acting as a serving carrier providing mobile  
18 telecommunications services to another home  
19 service provider's customer.

20 For the purposes of this paragraph, "charges for  
21 mobile telecommunications services", "customer",



1 "home service provider", "mobile  
2 telecommunications services", "place of primary  
3 use", and "serving carrier" have the same meaning  
4 as in section 239-22.

5 (7) Tax on insurance producers. Upon every person engaged  
6 as a licensed producer [~~pursuant to~~] under chapter  
7 431, there is hereby levied and shall be assessed and  
8 collected a tax equal to 0.15 per cent of the  
9 commissions due to that activity.

10 (8) Tax on receipts of sugar benefit payments. Upon the  
11 amounts received from the United States government by  
12 any producer of sugar (or the producer's legal  
13 representative or heirs), as defined under and by  
14 virtue of the Sugar Act of 1948, as amended, or other  
15 Acts of the Congress of the United States relating  
16 thereto, there is hereby levied a tax of one-half of  
17 one per cent of the gross amount received; provided  
18 that the tax levied hereunder on any amount so  
19 received and actually disbursed to another by a  
20 producer in the form of a benefit payment shall be  
21 paid by the person or persons to whom the amount is



1 actually disbursed, and the producer actually making a  
 2 benefit payment to another shall be entitled to claim  
 3 on the producer's return a deduction from the gross  
 4 amount taxable hereunder in the sum of the amount so  
 5 disbursed. The amounts taxed under this paragraph  
 6 shall not be taxable under any other paragraph,  
 7 subsection, or section of this chapter.

8 (9) Tax on gaming. Upon every person engaging or  
 9 continuing within the State in the business of gaming,  
 10 as authorized under chapter , the tax shall be  
 11 equal to per cent of the gross income of the  
 12 business.

13 [~~+9~~] (10) Tax on other business. Upon every person  
 14 engaging or continuing within the State in any  
 15 business, trade, activity, occupation, or calling not  
 16 included in the preceding paragraphs or any other  
 17 provisions of this chapter, there is likewise hereby  
 18 levied and shall be assessed and collected, a tax  
 19 equal to four per cent of the gross income thereof.  
 20 In addition, the rate prescribed by this paragraph  
 21 shall apply to a business taxable under one or more of



1           the preceding paragraphs or other provisions of this  
2           chapter, as to any gross income thereof not taxed  
3           thereunder as gross income or gross proceeds of sales  
4           or by taxing an equivalent value of products, unless  
5           specifically exempted."

6           SECTION 7. Section 237-31, Hawaii Revised Statutes, is  
7           amended to read as follows:

8           "**§237-31 Remittances.** All remittances of taxes imposed by  
9           this chapter shall be made by money, bank draft, check,  
10          cashier's check, money order, or certificate of deposit to the  
11          office of the department of taxation to which the return was  
12          transmitted. The department shall issue its receipts therefor  
13          to the taxpayer and shall pay the moneys into the state treasury  
14          as a state realization, to be kept and accounted for as provided  
15          by law; provided that:

16          (1) A sum, not to exceed \$5,000,000, from all general  
17          excise tax revenues realized by the State shall be  
18          deposited in the state treasury in each fiscal year to  
19          the credit of the compound interest bond reserve fund;  
20          [and]



1           (2) A sum from all general excise tax revenues realized by  
2           the State that is equal to one-half of the total  
3           amount of funds appropriated or transferred out of the  
4           hurricane reserve trust fund under sections 4 and 5 of  
5           Act 62, Session Laws of Hawaii 2011, shall be  
6           deposited into the hurricane reserve trust fund in  
7           fiscal year 2013-2014 and in fiscal year 2014-2015;  
8           provided that the deposit required in each fiscal year  
9           shall be made by October 1 of that fiscal year; [~~and~~]

10          (3) Commencing with fiscal year 2018-2019, a sum from all  
11          general excise tax revenues realized by the State that  
12          represents the difference between the state public  
13          employer's annual required contribution for the  
14          separate trust fund established under section 87A-42  
15          and the amount of the state public employer's  
16          contributions into that trust fund shall be deposited  
17          to the credit of the State's annual required  
18          contribution into that trust fund in each fiscal year,  
19          as provided in section 87A-42] [~~-~~]; and

20          (4) Two per cent of all general excise tax revenues  
21          realized by the State under section 237-13(9) shall be





1           deposited into the state gaming fund, established  
2           under section       -601."

3           SECTION 8. All initial appointments to the Hawaii gaming  
4 control commission shall be made within sixty days of the  
5 effective date of this Act.

6           SECTION 9. Statutory material to be repealed is bracketed  
7 and stricken. New statutory material is underscored.

8           SECTION 10. This Act shall take effect on July 1, 2024.

9

INTRODUCED BY: 

**By Request**



# S.B. NO. 3377

**Report Title:**

Gambling; Poker; Sportsbook; Gaming; Legalization

**Description:**

Authorizes a 10-year license for 1 poker and sportsbook gaming facility in a special district designated for tourism in a county with over 500,000 residents and that is not in a hotel. Allows admission for individuals 21 years of age or older. Establishes the Hawaii gaming control commission. Imposes wagering tax on gross receipts. Creates the state gaming fund and compulsive gambler assistance program. Allocates to the State an amount equal to 70% of profits, with the percentage decreasing 5% each year. Authorizes the State to make grants from revenue received to a nonprofit entity for the benefit of wildfire victims.

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

