
A BILL FOR AN ACT

RELATING TO PREDICTION MARKETS.

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

1 SECTION 1. The legislature finds that recent developments
2 in the consumer-focused sector of the financial market have
3 allowed for individuals to create financial incentives and
4 motivations for the occurrence of events involving athletics,
5 politics, catastrophe, and death. The legislature also finds
6 that not only do some or all of these types of contracts violate
7 moral and ethical standards, but they also prey upon a gap in
8 Hawaii's gambling laws that permit contracts for the purchase
9 and sale at a future date of securities or commodities.

10 Accordingly, the purpose of this Act is to update Hawaii's
11 gambling laws to expressly prohibit prediction event contracts
12 relating to catastrophe, contests, death, legislation, national
13 security, people, politics, and sports.

14 SECTION 2. Section 712-1220, Hawaii Revised Statutes, is
15 amended by amending the definition of "gambling" to read as
16 follows:



1 "Gambling". A person engages in gambling if [~~he~~] the
2 person stakes or risks something of value upon the outcome of a
3 contest of chance or a future contingent event not under [~~his~~]
4 the person's control or influence, upon an agreement or
5 understanding that [~~he~~] the person or someone else will receive
6 something of value in the event of a certain outcome.

7 [~~Gambling~~] "Gambling" does not include bona fide business
8 transactions valid under the law of contracts, including but not
9 limited to contracts for the purchase or sale at a future date
10 of securities or commodities, and agreements to compensate for
11 loss caused by the happening of chance, including but not
12 limited to contracts of indemnity or guaranty and life, health,
13 or accident insurance[.]; provided that "gambling" does include
14 the purchase, sale, or financial speculation upon securities,
15 commodities, or other similar financial products where the
16 outcome or future contingent event relates to the following:

17 (1) Catastrophe, including an outcome that relates to war,
18 national or state emergencies, natural or human-made
19 disasters, acts of terrorism or violence, or public
20 health crises;



- 1 (2) Contests, including an outcome that relates to a game,
2 scheme, or promotion where a prize or something of
3 value is awarded based on skill, merit, performance,
4 or chance, regardless of whether an entry fee is
5 required;
- 6 (3) Death, including an outcome that relates to death,
7 assassination, or mass casualty events;
- 8 (4) Legislation, including the introduction, progress,
9 amendment, passage, failure, adoption, or veto of any
10 bill, resolution, or legislative measure before the
11 legislature, or any measure transmitted to the
12 governor;
- 13 (5) National security, including any insider, nonpublic,
14 or sensitive information relating to national security
15 matters, such as military transfers, deployments,
16 assignments, strategies, or operational decisions;
- 17 (6) People, including an outcome that relates to an event
18 or events happening to a natural person or persons;
- 19 (7) Politics, including an outcome that relates to a
20 federal, state, or county election, or the actions or



1 conduct of the federal, state, or county government
2 and its agencies, employees, and officers; and
3 (8) Sports, including an outcome that relates to a
4 specific athletic event or non-athletic sporting event
5 or events within an athletic event or non-athletic
6 sporting event or events."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 3000;
10 provided that the amendments made to section 712-1220, Hawaii
11 Revised Statutes, by section 2 of this Act shall not be repealed
12 when that section is reenacted on July 1, 2029, pursuant to
13 section 4 of Act 249, Session Laws of Hawaii 2024.



Report Title:

Hawaii Penal Code; Gambling; Prediction Markets

Description:

Includes prediction markets in the definition of "gambling" by specifying that the purchase, sale, or financial speculation of securities or commodities on the outcome or future contingent events related to catastrophe, contests, death, legislation, national security, people, politics, and sports. Effective 7/1/3000. (HD1)

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