

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 1836  
H.D. 1  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred  
H.B. No. 1836, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GAMBLING,"

begs leave to report as follows:

The purpose of this measure is to continue to deter gambling  
by clarifying that the purchase of a sweepstakes entry that also  
provides a nominal, non-gambling value is a form of gambling  
activity, even if no valuable consideration is required to obtain  
a sweepstakes entry.

Your Committee notes that the substance of this measure as  
introduced tracked the language of S.B. No. 22, A Bill for an Act  
Relating to Gambling.

Your Committee received testimony in support of this measure  
from the City and County Liquor Commission, Advocates For Consumer  
Rights, the Church of Jesus Christ of Latter-Day Saints, the  
Hawaii Coalition Against Legalized Gambling (HCALG), the League of  
Women Voters liaison to the HCALG, a board member of the HCALG who  
is the Executive Director of the Woman's board of Missions for the  
Pacific Islands, the Hawaii Family Forum, the Roman Catholic  
Church in the State of Hawaii, and several concerned individuals.  
K-P Amusements, LLC and the Vending Owners of Hawaii submitted  
testimony in opposition to this measure.



This measure addresses community concern about vending machines located in bars, lounges, and other retail establishments that dispense sweepstakes cards that, in return for a small fee, provide an opportunity to win various amounts of money along with an item of low value, such as a telephone calling card. Some view the telephone phone card sweepstakes machines as a thinly disguised form of gambling.

Testimony in opposition to this measure observed that the "no purchase necessary" or "free play" feature of consumer product sweepstakes keeps those games from being considered a form of gambling. Your Committee does not intend to eliminate the "free play" defense to gambling as applied to product sweepstakes games. Your Committee intends to eliminate the "free play" defense for the vending machines presently in bars, restaurants and retail establishments that have given rise to growing community concern.

Your Committee has amended this measure by:

- (1) Limiting the application of its free play defense provisions to devices into which a consumer inserts money and the device provides a sweepstakes ticket or card that, by reason of chance, may entitle the consumer to a money prize;
- (2) Revising the phrase "if the item is offered at a price that is disproportionate to the value of the item" by changing "disproportionate to" to "disproportionately high compared to";
- (3) Changing the effective date from "on July 1, 2112" to "upon its approval"; and
- (4) Making other technical, non-substantive changes for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report,



your Committee is in accord with the intent and purpose of H.B. No. 1836, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1836, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,



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CLAYTON HEE, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <i>HB 1836-HD 1</i>	Committee Referral: <i>JDL</i>	Date: <i>3-28-07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
KOKUBUN, Russell S. (VC)				✓
INOUE, Lorraine R.				✓
NISHIHARA, Clarence K.	✓			
GABBARD, Mike	✓			
<b>TOTAL</b>	<i>3</i>			<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Clarence K. Nishihara</i>				
Distribution:             Original             Yellow             Pink File with Committee Report             Clerk's Office             Drafting Agency				

\*Only one measure per Record of Votes