



1       §   -3 **Definitions.** As used in this chapter, unless the  
2 context requires otherwise:

3       "Commission" means the Hawaii gaming control commission.

4       "Department" means the department of business, economic  
5 development, and tourism.

6       "Executive director" means the executive director of the  
7 commission.

8       "Gross receipts" means the total of:

9       (1) Cash received as winnings;

10       (2) Cash received in payment for credit extended by a  
11             licensee to a patron for purposes of gaming; and

12       (3) Compensation received for conducting any slot machine  
13             game in which the licensee is not party to a wager.

14 Gross receipts do not include counterfeit money or tokens, coins  
15 of other countries that are received in a slot machine, cash  
16 taken in fraudulent acts perpetrated against a licensee for  
17 which the licensee is not reimbursed, and cash received as entry  
18 fees for contests or tournaments in which patrons compete for  
19 prizes.

20       "Individual" means a natural person.



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

4 "Slot machine gaming" means the operation of slot machine  
5 games licensed under this chapter that is authorized by the  
6 commission as a wagering device.

7 "Slot machine license" means a license to operate slot  
8 machine gaming under this chapter.

9 "State airport" means any of the following airports owned  
10 and operated by the State's department of transportation:

11 (1) Oahu:

12 (A) Honolulu International Airport;

13 (B) Kalaeloa Airport; and

14 (C) Dillingham Airfield;

15 (2) Maui:

16 (A) Hana Airport;

17 (B) Kalaupapa Airport;

18 (C) Kahului Airport;

19 (D) Kapalua Airport;

20 (E) Lanai Airport; and

21 (F) Molokai Airport;

22 (3) Hawaii:



1 (A) Kona International Airport at Keahole;

2 (B) Hilo International Airport;

3 (C) Waimea-Kohala Airport; and

4 (D) Upolu Airport; and

5 (4) Kauai:

6 (A) Lihue Airport; and

7 (B) Port Allen Airport.

8 "Supplier's license" means a license to furnish any  
9 equipment, devices, or supplies to a licensed slot machine  
10 gaming operation permitted under this chapter.

11 § -4 **Hawaii gaming control commission.** (a) There is  
12 established the Hawaii gaming control commission, which shall be  
13 a body corporate and a public instrumentality of the State, for  
14 the purpose of implementing this chapter. The commission shall  
15 be placed within the department for administrative purposes.

16 (b) The commission shall consist of five members to be  
17 appointed by the governor with the advice and consent of the  
18 senate under section 26-34. Of the five members, two shall be  
19 appointed from a list of nominees submitted by the president of  
20 the senate, and two shall be appointed from a list of nominees  
21 submitted by the speaker of the house of representatives. All  
22 appointments to the commission shall be made within sixty days



1 of the effective date of this Act. The members shall elect one  
2 from among them to be the chairperson. Each member shall have  
3 reasonable knowledge of the practice, procedure, and principles  
4 of slot machine gaming. Each member shall either be a resident  
5 of Hawaii or shall certify that the member will become a  
6 resident of Hawaii before taking office. At least one member  
7 shall be experienced in law enforcement and criminal  
8 investigation, at least one member shall be a certified public  
9 accountant experienced in accounting and auditing, and at least  
10 one member shall be an attorney licensed to practice law in  
11 Hawaii.

12 (c) No person shall be appointed a member or continue to  
13 be a member of the commission if the person:

14 (1) Is an elected state official or a public employee;

15 (2) Or the person's spouse, child, or parent is an  
16 official of, has a financial interest in, or has a  
17 financial relationship with any slot machine gaming  
18 operation subject to the jurisdiction of this  
19 commission;

20 (3) Is related to any other person within the second  
21 degree of consanguinity or affinity who is licensed by  
22 the commission pursuant to this chapter; or



1           (4) Is not of good moral character or has been convicted  
2           of, or is under indictment for, a felony under the  
3           laws of Hawaii or any other state or the United  
4           States.

5           (d) The term of office of a commission member shall be  
6           four years, except that the terms of office of the initial  
7           members appointed shall be staggered, with one member serving  
8           one year, one member serving two years, one member serving three  
9           years, and two members serving four years. No member shall  
10          serve more than two consecutive terms. Vacancies in the  
11          commission shall be filled for the unexpired term in like manner  
12          as the original appointments.

13          (e) The governor may remove or suspend any member of the  
14          commission after due notice and public hearing. The president  
15          of the senate or the speaker of the house of representatives may  
16          request that the governor remove or suspend a member of the  
17          commission nominated by either the president of the senate or  
18          speaker of the house of representatives.

19          (f) Members shall:

20               (1) Serve part-time;

21               (2) Be paid compensation of \$                   for each day in the  
22               performance of official duties; and



1 (3) Be reimbursed for expenses, including travel expenses,  
2 incurred in the performance of official duties.

3 (g) Officers of the commission, including the chairperson,  
4 shall be selected by the members. The commission, subject to  
5 chapter 92, shall hold at least one meeting in each quarter of  
6 the State's fiscal year. Special meetings may be called by the  
7 chairperson or any three members upon seventy-two hours written  
8 notice to each member. Three members shall constitute a quorum,  
9 and a majority vote of the members present shall be required for  
10 any final determination by the commission. The commission shall  
11 keep a complete and accurate record of all its meetings.

12 (h) Before assuming the duties of office, each member of  
13 the commission shall take an oath that the member shall  
14 faithfully execute the duties of office according to the laws of  
15 the State and shall file and maintain with the director a bond  
16 in the sum of \$25,000 with good and sufficient sureties. The  
17 cost of any bond for any member of the commission under this  
18 section shall be considered a part of the necessary expenses of  
19 the commission.

20 (i) The commission shall appoint a person to serve as the  
21 full-time executive director of the commission subject to the  
22 commission's supervision. The executive director shall hold



1 office at the will of the commission, shall be exempt from  
2 chapters 76 and 89, and shall not hold any other office or  
3 employment. The executive director shall receive an annual  
4 salary at an amount set by the commission. The executive  
5 director shall be reimbursed for expenses actually and  
6 necessarily incurred in the performance of the executive  
7 director's duties.

8 (j) Except as otherwise provided by law, the executive  
9 director may hire assistants, other officers, and employees, who  
10 shall be exempt from chapters 76 and 89 and who shall serve at  
11 the will of the executive director, and appoint committees and  
12 consultants necessary for the efficient operation of slot  
13 machine gaming; provided that no person shall be hired or  
14 appointed under this subsection who is:

- 15 (1) An elected state official;
- 16 (2) Licensed by the commission pursuant to this chapter,  
17 is an official of, has a financial interest in, or has  
18 a financial relationship with, any slot machine gaming  
19 operation subject to the jurisdiction of this  
20 commission pursuant to this chapter;





1 (3) Related to any other person within the second degree  
2 of consanguinity or affinity who is licensed by the  
3 commission pursuant to this chapter; or

4 (4) Not of good moral character or has been convicted of,  
5 or is under indictment for, a felony under the laws of  
6 Hawaii or any other state or the United States.

7 (k) The salaries of employees shall be set by the  
8 executive director.

9 (l) Notwithstanding subsection (i), the commission may  
10 perform the functions of the executive director and may exercise  
11 the powers granted to the executive director until the executive  
12 director is appointed.

13 (m) The commission shall adopt rules, in accordance with  
14 chapter 91, establishing a code of ethics for its employees that  
15 shall include, but not be limited to, restrictions on which  
16 employees shall be prohibited from participating in or wagering  
17 on slot machines subject to the jurisdiction of the commission.  
18 The code of ethics shall be separate from and in addition to any  
19 standards of conduct set forth pursuant to chapter 84.

20 § -5 **Records; staff.** (a) The executive director shall  
21 keep records of all proceedings of the commission and shall  
22 preserve all records, books, documents, and other papers



1 belonging to the commission or entrusted to its care relating to  
2 slot machine gaming.

3 (b) The commission may employ any personnel, including  
4 personnel with law enforcement authority, that may be necessary  
5 to carry out its duties related to slot machine gaming in state  
6 airports.

7 § -6 Powers of the commission. The commission shall  
8 have all powers necessary and proper to fully and effectively  
9 supervise slot machine gaming under this chapter, including, but  
10 not limited to, the following:

11 (1) Administer, regulate, and enforce the system of slot  
12 machine gaming established by this chapter. The  
13 commission's jurisdiction shall extend to every  
14 person, association, corporation, partnership, and  
15 trust involved in slot machine gaming in a county;

16 (2) Determine the types and numbers of supplier's licenses  
17 to be permitted under this chapter;

18 (3) Adopt standards for the licensing of all persons under  
19 this chapter, issue licenses, and establish and  
20 collect fees for these licenses;

21 (4) Provide for the collection of all taxes imposed  
22 pursuant to this chapter; and collect, receive,



- 1           expend, and account for all revenues derived from slot  
2           machine gaming within a county;
- 3           (5) Enter the office, facilities, or other places of  
4           business of a licensee where evidence of the  
5           compliance or noncompliance with this chapter is  
6           likely to be found;
- 7           (6) Investigate alleged violations of this chapter and  
8           take appropriate disciplinary action against a  
9           licensee for a violation or institute appropriate  
10          legal action for enforcement, or both;
- 11          (7) Be present through its inspectors and agents any time  
12          slot machine gaming is conducted in a state airport.  
13          for the purpose of certifying the revenue thereof,  
14          receiving complaints from the public, and conducting  
15          any other investigations into the conduct of the slot  
16          machine gaming and the maintenance of the equipment  
17          that from time to time the commission may deem  
18          necessary and proper;
- 19          (8) Adopt appropriate standards for all electronic or  
20          mechanical gaming devices;
- 21          (9) Enforce the keeping of records, including financial or  
22          other statements of any licensee under this chapter,



1 in the manner prescribed by the commission and require  
2 that any licensee involved in the ownership or  
3 management of slot machine gaming submit to the  
4 commission:

5 (A) An annual balance sheet and profit and loss  
6 statement;

7 (B) A list of the stockholders or other persons  
8 having a one per cent or greater beneficial  
9 interest in the gaming activities of each  
10 licensee; and

11 (C) Any other information the commission deems  
12 necessary in order to effectively administer this  
13 chapter;

14 (10) Conduct hearings, issue subpoenas for the attendance  
15 of witnesses and subpoenas duces tecum for the  
16 production of books, records, and other pertinent  
17 documents, and administer oaths and affirmations to  
18 the witnesses, when, in the judgment of the  
19 commission, it is necessary to administer or enforce  
20 this chapter;



- 1       (11) Prescribe an employment application form to be used by
- 2             any licensee involved in the ownership or management
- 3             of slot machine gaming of hiring purposes;
- 4       (12) Eject or exclude, or authorize the ejection or
- 5             exclusion of, any person from any state airport
- 6             operating slot machine gaming where the person is in
- 7             violation of this chapter or where the person's
- 8             conduct or reputation is such that the person's
- 9             presence, in the opinion of the commission, may call
- 10            into question the honesty and integrity of the slot
- 11            machine gaming operation or interfere with the orderly
- 12            conduct thereof; provided that the propriety of that
- 13            ejection or exclusion shall be subject to subsequent
- 14            hearing by the commission;
- 15       (13) Suspend, revoke, or restrict licenses and require the
- 16             removal of a licensee or an employee of a licensee for
- 17             a violation of this chapter or a commission rule or
- 18             for engaging in a fraudulent practice;
- 19       (14) Impose and collect fines of up to \$5,000 against
- 20             individuals and up to \$10,000 or an amount equal to
- 21             the daily gross receipts, whichever is larger, against
- 22             a licensee for each violation of this chapter, any



1 rule adopted by the commission, any order of the  
 2 commission, or any other action that, in the  
 3 commission's discretion, is a detriment or impediment  
 4 to slot machine gaming;

5 (15) Hire employees to gather information, conduct  
 6 investigations, and carry out any other tasks  
 7 contemplated under this chapter;

8 (16) Establish minimum levels of insurance to be maintained  
 9 by licensees;

10 (17) Delegate the execution of any of its powers for the  
 11 purpose of administering and enforcing this chapter  
 12 and rules adopted under this chapter;

13 (18) Adopt necessary rules under chapter 91 to implement  
 14 this chapter; and

15 (19) Take any other action that may be reasonable or  
 16 appropriate to enforce this chapter and rules adopted  
 17 under this chapter.

18 § -7 Slot machine gaming authorized in state airports  
 19 only. Slot machine gaming shall be permitted only in state  
 20 airports.

21 § -8 Application for slot machine gaming license. (a)

22 A qualified person may apply to the commission for a slot



1 machine gaming license to conduct slot machine gaming on forms  
2 provided by the commission and shall contain any information  
3 that the commission prescribes, including but not limited to:

- 4 (1) Detailed information regarding the ownership and  
5 management of the applicant; and  
6 (2) Detailed personal information regarding the applicant.

7 Information provided on the application shall be used as the  
8 basis for a thorough background investigation, which the  
9 commission shall conduct with respect to each applicant. An  
10 incomplete application shall be cause for denial of a license by  
11 the commission. The commission shall make applications  
12 available within sixty days of its appointment. The commission  
13 shall act on any application submitted to it within ninety days  
14 of the date of submission.

15 (b) Each applicant shall be subject to criminal history  
16 record checks under section -10. Each applicant shall  
17 disclose the identity of every person having a greater than one  
18 per cent direct or indirect pecuniary interest in the slot  
19 machine gaming operation with respect to which the license is  
20 sought. If the disclosed person is a trust, the application  
21 shall disclose the names and addresses of the beneficiaries; if  
22 a corporation, the names and addresses of all stockholders and



1 directors; if a partnership, the names and addresses of all  
2 partners, both general and limited.

3 (c) An application fee of \$ shall be paid at the  
4 time of filing to defray the costs associated with the  
5 background investigation conducted by the commission and the  
6 search and classification of fingerprints obtained by the  
7 commission with regard to the application. If the costs of the  
8 investigation exceed \$ , the applicant shall pay the  
9 additional amount to the commission. If the costs of the  
10 investigation are less than \$ , the applicant shall  
11 receive a refund of the remaining amount. All information,  
12 records, interviews, reports, statements, memoranda, or other  
13 data supplied to or used by the commission in the course of its  
14 review or investigation of an application for a license shall be  
15 privileged, strictly confidential, and shall be used only for  
16 the purpose of evaluating an applicant. The information,  
17 records, interviews, reports, statements, memoranda, or other  
18 data shall not be admissible as evidence, nor discoverable in  
19 any action of any kind in any court or before any tribunal,  
20 commission, agency, or person, except for any action deemed  
21 necessary by the commission.





1 (d) An applicant shall be ineligible to receive an  
2 operator's license if:

3 (1) The person has been convicted of a felony under the  
4 laws of this State or any other state or the United  
5 States;

6 (2) The person has been convicted of any violation under  
7 part III, chapter 712, or substantially similar laws  
8 of another jurisdiction;

9 (3) The person has submitted an application for a license  
10 under this chapter that contains false information;

11 (4) The person is a member of the commission;

12 (5) The person applying for a license employs an  
13 individual described in paragraph (1), (2), (3), or  
14 (4) who participates in the management or operation of  
15 slot machine gaming authorized under this chapter; or

16 (6) A license of the person issued under this chapter, or  
17 a license to own or operate casino gaming or slot  
18 machine gaming in any other jurisdiction, has been  
19 revoked.

20 § -9 Criteria for award of a slot machine gaming

21 license. (a) The commission shall issue a license to operate



1 slot machine gaming to applicants who meet all of the following  
2 criteria:

3 (1) The applicant demonstrates it has a reserve of at  
4 least million dollars;

5 (2) The applicant meets all the requirements of section  
6 -8;

7 (3) The applicant meets the requirements of section  
8 -10; and

9 (4) The applicant pays a slot machine gaming license fee  
10 of \$ ; provided that that license shall be  
11 renewable each year upon payment of a license renewal  
12 fee of \$ .

13 (b) The commission may revoke the license if the licensee  
14 fails to begin regular slot machine gaming within twelve months  
15 of receipt of the commission's approval of the application upon  
16 a finding by the commission that license revocation is in the  
17 best interest of the State.

18 (c) The commission shall establish a process to facilitate  
19 and expedite the approval of the necessary licenses.

20 § -10 **Criminal history record checks.** (a) The  
21 commission shall develop procedures for obtaining verifiable  
22 information regarding the criminal history of persons who the



1 commission is authorized to investigate. These procedures shall  
2 include a criminal history record check to determine suitability  
3 for employment.

4 For purposes of this section, "criminal history record  
5 check" means an investigation based on fingerprints obtained by  
6 a law enforcement officer and other identifying information by  
7 means of:

8 (1) A national search of the individual's criminal history  
9 record information conducted through the Federal  
10 Bureau of Investigation; and

11 (2) A search of the individual's state criminal history  
12 record information conducted through the Hawaii  
13 criminal justice data center.

14 (b) The commission shall not request a criminal history  
15 record check of any person unless that person:

16 (1) Provides a set of fingerprints obtained by a law  
17 enforcement agency; and

18 (2) Provides a signed statement:

19 (A) Containing the person's name, address, and date  
20 of birth as appearing on a valid identification  
21 document;



1 (B) That states that the person has not been  
2 convicted of a crime or, if the individual has  
3 been convicted, contains a description of the  
4 crime and the particulars of the conviction;

5 (C) Notifies the person that the commission may  
6 request a criminal history record check under  
7 subsection (a); and

8 (D) Notifies the person of that person's rights to  
9 obtain a copy of the criminal history record  
10 check report, challenge the accuracy and  
11 completeness of the report, and obtain a prompt  
12 determination of the validity of the challenge  
13 before a final determination is made by the  
14 commission.

15 (c) The commission may hire or approve an applicant  
16 provisionally prior to the completion of the criminal history  
17 record check if, at all times prior to receipt of the criminal  
18 history record check, the individual is under the direct  
19 supervision of someone whose criminal history record check has  
20 been completed.

21 (d) The commission may refuse to employ or approve, or may  
22 terminate employment or approval of, any person if:



- 1           (1) The person has been convicted of an offense that bears  
2           on the individual's fitness for employment in the  
3           gaming industry or other function for which commission  
4           approval is required;
- 5           (2) The individual's criminal history record information  
6           indicates that the person may pose a threat to the  
7           public interest; threatens the effective regulation  
8           and control of gaming; or enhances the dangers of  
9           unsuitable, unfair, or illegal practices, methods, or  
10          activities in the operation of gaming or the carrying  
11          on of the business and financial arrangements  
12          incidental to gaming; or
- 13          (3) The individual has been convicted of or pleaded guilty  
14          or nolo contendere to a felony or any gaming offense  
15          in any jurisdiction or to a misdemeanor involving  
16          dishonesty, fraud, or misrepresentation in any  
17          connection or any offense involving moral turpitude.

18          §    -11   **Bond of licensee.** Before a slot machine gaming  
19 license is issued, the licensee shall file a bond in the sum of  
20 \$200,000 with the department. The bond shall be used to  
21 guarantee that the licensee faithfully makes the payments, keeps  
22 books and records, makes reports, and conducts slot machine



1 gaming in conformity with this chapter and the rules adopted by  
2 the commission. The bond shall not be canceled by a surety on  
3 less than thirty days notice in writing to the commission. If a  
4 bond is canceled and the licensee fails to file a new bond with  
5 the commission in the required amount, on or before the  
6 effective date of cancellation, the licensee's license shall be  
7 revoked. The total and aggregate liability of the surety on the  
8 bond shall be limited to the amount specified in the bond.

9       § -12 **Supplier's licenses.** (a) No person shall furnish  
10 any equipment, devices, or supplies to a licensed slot machine  
11 gaming operation under this chapter unless the person has first  
12 obtained a supplier's license pursuant to this section. The  
13 commission may issue a supplier's license to any person, firm,  
14 or corporation that pays a nonrefundable application fee as set  
15 by the commission, upon a determination by the commission that  
16 the applicant is eligible for a supplier's license and upon  
17 payment by the applicant of a \$5,000 license fee. A supplier's  
18 license shall be renewable annually upon payment of the \$5,000  
19 annual license fee and a determination by the commission that  
20 the licensee continues to meet all of the requirements of this  
21 chapter.



1 (b) The holder of a supplier's license may sell or lease,  
2 or contract to sell or lease, slot machine gaming equipment and  
3 supplies to any licensee involved in the ownership or management  
4 of slot machine gaming.

5 (c) Slot machine gaming supplies and equipment shall not  
6 be distributed unless supplies and equipment conform to  
7 standards adopted by rules of the commission.

8 (d) To be eligible to receive a supplier's license under  
9 this section, a person shall undergo the criminal history record  
10 check under section -10. A person shall be ineligible to  
11 receive a supplier's license if:

12 (1) The person has been convicted of a felony under the  
13 laws of this State or any other state or the United  
14 States;

15 (2) The person has been convicted of any violation under  
16 chapter III, chapter 712, or substantially similar  
17 laws of another jurisdiction;

18 (3) The person has submitted an application for a license  
19 under this chapter that contains false information;

20 (4) The person is a member of the commission;



- 1           (5) The person is one in which an individual defined in
- 2                   paragraph (1), (2), (3), or (4) is an officer,
- 3                   director, or management employee;
- 4           (6) The person employs an individual defined in paragraph
- 5                   (1), (2), (3), or (4) who participates in the
- 6                   management or operation of slot machine gaming
- 7                   authorized under this chapter; or
- 8           (7) The license of the person issued under this chapter,
- 9                   or a license to own or operate slot machine gaming or
- 10                  casino gaming in any other jurisdiction, has been
- 11                  revoked.
- 12           (e) A supplier shall:
- 13                  (1) Furnish to the commission a list of all equipment,
- 14                          devices, and supplies offered for sale or lease in
- 15                          connection with slot machine gaming authorized under
- 16                          this chapter;
- 17                  (2) Keep books and records for the furnishing of
- 18                          equipment, devices, and supplies of slot machine
- 19                          gaming separate and distinct from any other business
- 20                          that the supplier might operate;
- 21                  (3) File a quarterly return with the commission listing
- 22                          all sales and leases;





1 (4) Permanently affix its name to all its equipment,  
2 devices, and supplies for slot machine gaming; and

3 (5) File an annual report with the commission listing its  
4 inventories of slot machine gaming equipment, devices,  
5 and supplies.

6 (f) Any person who knowingly makes a false statement on an  
7 application is guilty of a petty misdemeanor.

8 (g) Any slot machine gaming equipment, devices, or  
9 supplies provided by any licensed supplier may either be  
10 repaired on the site or be removed from the site to a place  
11 owned by the holder of an operator's license for repair. Any  
12 supplier's equipment, devices, and supplies that are used by any  
13 person in an unauthorized gaming operation shall be forfeited to  
14 the county.

15 § -13 **Annual report.** The commission shall file a  
16 written annual report with the governor and the legislature on  
17 or before sixty days following the close of each fiscal year and  
18 any additional reports that the governor or the legislature may  
19 request. The annual report shall include a statement of  
20 receipts and disbursements related to slot machine gaming  
21 pursuant to this chapter, actions taken by the commission, and  
22 any additional information and recommendations that the



1 commission may deem valuable or that the governor or the  
2 legislature may request.

3       § -14 **Hearings by the commission.** (a) Upon order of  
4 the commission, a commission member or hearings officer  
5 designated by the commission may conduct any hearing provided  
6 for under this chapter related to slot machine gaming or by  
7 commission rule and may recommend findings and decisions to the  
8 commission. The commission member or hearings officer  
9 conducting the hearing shall have all powers and rights granted  
10 to the commission in this chapter. The record made at the time  
11 of the hearing shall be reviewed by the commission and the  
12 findings and decision of the majority of the commission shall  
13 constitute the order of the commission in that case.

14       (b) Any party aggrieved by an action of the commission  
15 denying, suspending, revoking, restricting, or refusing to renew  
16 a license under this chapter may request a hearing before the  
17 commission. A request for a hearing must be made to the  
18 commission in writing within five days after service of notice  
19 of the action of the commission. Notice of the actions of the  
20 commission shall be served either by personal delivery or by  
21 certified mail, postage prepaid, to the aggrieved party. Notice  
22 served by certified mail shall be deemed complete on the



1 business day following the date of the mailing. The commission  
2 shall conduct all requested hearings promptly and in reasonable  
3 order.

4       §   -15   **Conduct of slot machine gaming.** Casino gaming may  
5 be conducted by a licensee, subject to the following standards:

6           (1) Minimum and maximum wagers on slot machines shall be  
7               set by the licensee;

8           (2) Agents of the commission may enter and inspect any  
9               state airport within which slot machine gaming is  
10              conducted at any time for the purpose of determining  
11              compliance with this chapter;

12          (3) Employees of the commission shall have the right to be  
13              present within a state airport within which slot  
14              machine gaming is conducted or on adjacent facilities  
15              under the control of the licensee;

16          (4) Slot machine gaming equipment and supplies customarily  
17              used in conducting casino gaming shall be purchased or  
18              leased only from suppliers licensed under this  
19              chapter;

20          (5) Persons licensed under this chapter shall permit no  
21              form of wagering on games except as permitted by this  
22              chapter;



1           (6) A person under age twenty-one shall not be permitted  
2           in an area of the state airport where slot machine  
3           gaming is being conducted, except for a person at  
4           least eighteen years of age who is an employee of the  
5           licensee conducting slot machine gaming; provided  
6           that:

7           (A) No employee under age twenty-one shall perform  
8           any function involved in slot machine gaming by  
9           patrons; and

10          (B) No person under age twenty-one shall be permitted  
11          to make a wager under this chapter;

12          (7) All tokens, chips, or electronic cards used to make  
13          wagers on slot machines must be purchased from the  
14          person licensed to conduct slot machine gaming. The  
15          tokens, chips, or electronic cards may be purchased by  
16          means of an agreement under which the person licensed  
17          to conduct slot machine gaming extends credit to the  
18          patron. The tokens, chips, or electronic cards may be  
19          used only for the purpose of making wagers on slot  
20          machines; and



1 (8) In addition to the requirements of paragraphs (1) to  
 2 (7), slot machine gaming must be conducted in  
 3 accordance with all rules adopted by the commission.

4 § -16 **Collection of amounts owing under credit**

5 **agreements.** Notwithstanding any other law to the contrary, a  
 6 person licensed to conduct slot machine gaming who extends  
 7 credit to a slot machine gaming patron shall be expressly  
 8 authorized to institute a cause of action to collect any amounts  
 9 due and owing under the extension of credit, as well as the  
 10 operator's costs, expenses, and reasonable attorney's fees  
 11 incurred in collection.

12 § -17 **Wagering tax; rate.** A tax shall be imposed on the  
 13 gross receipts received from slot machine gaming authorized  
 14 under this chapter at the rate of ten per cent.

15 § -18 **The state gaming fund; disposition of taxes**

16 **collected.** (a) There is established within the state treasury  
 17 the state gaming fund, into which shall be deposited all fees,  
 18 taxes, and fines collected under this chapter, which shall be  
 19 used for:

- 20 (1) Expenses incurred for the administration and
- 21 enforcement of this chapter, not to exceed per
- 22 cent of all deposits per year; and



1           (2) Services and programs to be administered by the  
 2           commission, not to exceed           per cent of all  
 3           deposits per year, for problem gamblers.

4           (b) Any amount remaining in the fund after satisfaction of  
 5 subsections (a)(1) and (2) shall be deposited quarterly into the  
 6 general fund; provided that of the remaining amount, the  
 7 following percentages shall be set aside for the following uses:

8           (1)                   per cent to fund                   programs; and

9           (2)                   per cent to fund                   programs.

10          §   -19   **Legislative oversight.**   (a) Beginning with the  
 11 fiscal year beginning on July 1, 2011, the auditor shall conduct  
 12 a biennial financial and social assessment of slot machine  
 13 gaming. In conducting the assessment, the auditor shall  
 14 identify the financial impacts of slot machine gaming on the  
 15 state economy and the social impacts of slot machine gaming upon  
 16 the community. The auditor shall submit a report of findings  
 17 and recommendations to the legislature prior to the convening of  
 18 the next regular session after the biennial assessment is  
 19 completed.

20           (b) Beginning with the fiscal year beginning on July 1,  
 21 2010, the auditor shall conduct an annual program and financial  
 22 audit of the Hawaii gaming control commission."



1 SECTION 2. Chapter 712, Hawaii Revised Statutes, is  
2 amended by adding a new section to part III to be appropriately  
3 designated and to read as follows:

4 "§712- Slot machines; allowed. Any other law to the  
5 contrary notwithstanding, the operation of slot machine gaming  
6 in the State under chapter shall be permitted."

7 SECTION 3. Section 712-1220, Hawaii Revised Statutes, is  
8 amended by:

9 1. Amending the definition of "advance gambling activity"  
10 to read:

11 "(1) "Advance gambling activity". A person "advances  
12 gambling activity" if [~~he~~] the person engages in conduct that  
13 materially aids any form of gambling activity. Conduct of this  
14 nature includes but is not limited to conduct directed toward  
15 the creation or establishment of the particular game, contest,  
16 scheme, device, or activity involved, toward the acquisition or  
17 maintenance of premises, paraphernalia, equipment, or apparatus  
18 therefor, excluding slot machines, toward the solicitation or  
19 inducement of persons to participate therein, toward the actual  
20 conduct of the playing phases thereof, toward the arrangement of  
21 any of its financial or recording phases, or toward any other  
22 phase of its operation. A person advances gambling activity if,



1 having substantial proprietary control or other authoritative  
2 control over premises being used with [~~his~~] the person's  
3 knowledge for purposes of gambling activity, [~~he~~] the person  
4 permits that activity to occur or continue or makes no effort to  
5 prevent its occurrence or continuation. A person advances  
6 gambling activity if [~~he~~] the person plays or participates in  
7 any form of gambling activity."

8 2. By amending the definition of "contest of chance" to  
9 read:

10 "(3) "Contest of chance" means any contest, game, gaming  
11 scheme, or gaming device, excluding slot machines, in which the  
12 outcome depends in a material degree upon an element of chance,  
13 notwithstanding that skill of the contestants may also be a  
14 factor therein."

15 3. By amending the definition of "gambling" to read:

16 "(4) "Gambling". A person engages in gambling if [~~he~~] the  
17 person stakes or risks something of value upon the outcome of a  
18 contest of chance, excluding slot machines, or a future  
19 contingent event not under [~~his~~] the person's control or  
20 influence, upon an agreement or understanding that [~~he~~] the  
21 person or someone else will receive something of value in the  
22 event of a certain outcome. Gambling does not include bona fide





1 business transactions valid under the law of contracts,  
 2 including but not limited to contracts for the purchase or sale  
 3 at a future date of securities or commodities, and agreements to  
 4 compensate for loss caused by the happening of chance, including  
 5 but not limited to contracts of indemnity or guaranty and life,  
 6 health, or accident insurance."

7 4. By amending the definition of "gambling device" to  
 8 read:

9 "(5) "Gambling device" means any device, machine,  
 10 paraphernalia, or equipment, excluding slot machines, that is  
 11 used or usable in the playing phases of any gambling activity,  
 12 whether that activity consists of gambling between persons or  
 13 gambling by a person involving the playing of a machine.  
 14 However, lottery tickets and other items used in the playing  
 15 phases of lottery schemes are not gambling devices within this  
 16 definition."

17 SECTION 4. Statutory material to be repealed is bracketed  
 18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2009.

20

INTRODUCED BY:



JAN 28 2009



**Report Title:**

Gambling; Slot Machines in Airports

**Description:**

Allows slot machines in state airports. Creates Hawaii gaming control commission. Imposes a 10% wagering tax on gross receipts. Reserves % of state gaming fund for administration and % for problem gambler services; of remainder, reserves % and % to fund unspecified programs.

