
A BILL FOR AN ACT

RELATING TO GAMING.

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

1 SECTION 1. Chapter 46, Hawaii Revised Statutes, is amended
2 by adding a new section to be appropriately designated and to
3 read as follows:

4 "§46- Gaming in counties; conditions. Any other law to
5 the contrary notwithstanding, upon approval of a majority of
6 voters of a county defined in section -1 voting in the
7 next general election or in a special election after the
8 effective date of Act , Session Laws of Hawaii 2009,
9 casino gaming as authorized by chapter shall operate and
10 apply in that county."

11 SECTION 2. The Hawaii Revised Statutes is amended by
12 adding a new chapter to be appropriately designated and to read
13 as follows:

14 "CHAPTER

15 STATE GAMING COMMISSION

16 § -1 **Definitions.** As used in this chapter, unless the
17 context requires otherwise:



1 "Adjusted gross receipts" means the gross receipts less the
2 total of all cash value of items awarded as losses to wagerers
3 and those amounts paid to purchase annuities to fund losses paid
4 to wagerers over several years by independent financial
5 institutions. Deductible losses shall not include gifts, travel
6 expenses, food, refreshments, lodging, or services provided to a
7 person in an effort to encourage patronage at the casino
8 facility.

9 "Casino facility" means:

10 (1) A freestanding, land-based structure that may include
11 structures with bars, restaurants, showrooms,
12 theaters, and other facilities; or

13 (2) A structure containing gaming facilities situated on a
14 barge permanently berthed within a state commercial
15 harbor, as defined in section 266-1, or state boating
16 facility, as defined in section 200-2.5, that may
17 include land-based structures with bars, restaurants,
18 showrooms, theaters, and other facilities situated on
19 adjoining fast lands,

20 provided that, in either case, shall not include hotel, time
21 share, or other transient accommodations.



1 "Casino gaming" means the operation of games licensed under
2 this chapter, including but not limited to baccarat, twenty-one,
3 poker, craps, slot machine, video game of chance, roulette
4 wheel, klondike table, punch-board, faro layout, keno layout,
5 numbers ticket, push card, jar ticket, pull tab, or other game
6 of chance that is authorized by the commission as a wagering
7 device.

8 "Commission" means the Hawaii state gaming commission
9 established in section -2.

10 "County" means the counties of Hawaii, Maui and Kauai, and
11 the city and county of Honolulu.

12 "Department" means the department of budget and finance.

13 "Director" means the director of finance.

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

16 "Gaming facility master development plan" means the master
17 plan for the casino facility and any related resort hotel and
18 related amenities, including recreational facilities.

19 "Gross receipts" means the total of:

20 (1) Cash received as winnings;

21 (2) Cash received in payment for credit extended by a

22 licensee to a patron for purposes of gaming; and



1 (3) Compensation received for conducting any game in which
2 the licensee is not party to a wager.

3 Gross receipts do not include counterfeit money or tokens, coins
4 of other countries that are received in gaming devices, cash
5 taken in fraudulent acts perpetrated against a licensee for
6 which the licensee is not reimbursed, and cash received as entry
7 fees for contests or tournaments in which patrons compete for
8 prizes.

9 "Individual" means a natural person.

10 "Occupational license" means a license issued by the
11 commission to a person or entity to perform an occupation which
12 the commission has identified as requiring a license to engage
13 in casino gaming in Hawaii.

14 "Operator's license" means a license to operate and
15 maintain a casino facility for casino gaming permitted under
16 this chapter.

17 "Person" includes an individual, association, partnership,
18 estate, trust, corporation, limited liability company, or other
19 legal entity.

20 "Supplier's license" means a license to furnish any
21 equipment, devices, or supplies to a licensed casino gaming
22 operation permitted under this chapter.



1 § -2 **Hawaii state gaming commission.** (a) There is
2 established the Hawaii state gaming commission that shall be a
3 body corporate and a public instrumentality of the State, for
4 the purpose of implementing this chapter. The commission shall
5 be placed within the department of budget and finance for
6 administrative purposes. The commission shall consist of seven
7 members who shall be appointed in accordance with this section
8 and section 26-34; provided that three members shall be
9 appointed from candidates nominated by the mayors of the
10 counties in which casino gaming is permitted.

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

14 (1) An elected state or county official;

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

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



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

4 (c) Each member shall serve a term of seven years except
5 that of the initial members, one member shall serve for seven
6 years, one member shall serve for six years, one member shall
7 serve for five years, one member shall serve for four years, one
8 member shall serve for three years, one member shall serve for
9 two years, and one member shall serve for one year. A vacancy
10 on the commission of a seat subject to this subsection shall be
11 filled in accordance with article V, section 6, of the
12 Constitution of the State of Hawaii.

13 (d) Each term of a member of the commission shall commence
14 on July 1, and expire on June 30. No person shall be appointed
15 consecutively to more than two terms as a member of the
16 commission. Section 26-34 notwithstanding, no person shall
17 serve as a member of the commission for more than fourteen
18 consecutive years.

19 (e) Any member of the commission whose term has expired
20 and who is not disqualified from membership under subsection (d)
21 may continue in office as a holdover member until a successor is
22 appointed; provided that a holdover member shall not hold office



1 beyond the end of the second regular legislative session
2 following the expiration of the member's term of office.

3 (f) The governor may remove or suspend for cause any
4 member of the commission after due notice and public hearing.

5 (g) Members shall:

6 (1) Serve part-time;

7 (2) Be paid compensation of \$75 for each day in the
8 performance of official duties; and

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

11 (h) Officers of the commission, including the chairperson,
12 shall be selected by the members. The commission, subject to
13 chapter 92, shall hold at least one meeting in each quarter of
14 the State's fiscal year. Special meetings may be called by the
15 chairperson or any four members upon seventy-two-hours written
16 notice to each member. Four members shall constitute a quorum,
17 and a majority vote of the members present shall be required for
18 any final determination by the commission. The commission shall
19 keep a complete and accurate record of all its meetings.

20 (i) Before assuming the duties of office, each member of
21 the commission shall take an oath that the member shall
22 faithfully execute the duties of office according to the laws of



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

6 (j) The commission shall appoint a person to serve as the
7 executive director of the commission subject to the commission's
8 supervision. The executive director shall hold office at the
9 will of the commission and shall be exempt from chapter 76 and
10 shall devote full time to the duties of the office and shall not
11 hold any other office or employment. The executive director
12 shall receive an annual salary at an amount set by the
13 commission. The executive director shall be reimbursed for
14 expenses actually and necessarily incurred in the performance of
15 the executive director's duties.

16 (k) Except as otherwise provided by law, the executive
17 director may hire assistants, other officers, and employees, who
18 shall be exempt from chapter 76 and who shall serve at the will
19 of the executive director; and appoint committees and
20 consultants necessary for the efficient operation of casino
21 gaming; provided that no person shall be hired or appointed
22 under this subsection who is:



- 1 (1) An elected state or county official;
- 2 (2) Licensed by the commission pursuant to this chapter,
- 3 is an official of, has a financial interest in, or has
- 4 a financial relationship with, any gaming operation
- 5 subject to the jurisdiction of this commission
- 6 pursuant to this chapter;
- 7 (3) Related to any other person within the second degree
- 8 of consanguinity or affinity who is licensed by the
- 9 commission pursuant to this chapter; or
- 10 (4) Not of good moral character or has been convicted of,
- 11 or is under indictment for, a felony under the laws of
- 12 Hawaii or any other state, or the United States.
- 13 (l) The salaries of employees shall be set by the
- 14 executive director.
- 15 (m) Notwithstanding subsection (j), the commission may
- 16 perform the functions of the executive director and may exercise
- 17 the powers granted to the executive director until
- 18 , and shall not be required to appoint an
- 19 executive director before that date.
- 20 (n) The commission shall adopt rules in accordance with
- 21 chapter 91 establishing a code of ethics for its employees that
- 22 shall include but not be limited to restrictions on which



1 employees shall be prohibited from participating in or wagering
2 on any game or gaming operation subject to the jurisdiction of
3 the commission. The code of ethics shall be separate from and
4 in addition to any standards of conduct set forth pursuant to
5 chapter 84.

6 § -3 **Staff.** (a) The executive director shall keep
7 records of all proceedings of the commission and shall preserve
8 all records, books, documents, and other papers belonging to the
9 commission or entrusted to its care relating to casino gaming.

10 (b) The commission may employ any personnel, including
11 personnel with law enforcement authority, that may be necessary
12 to carry out its duties related to casino gaming.

13 § -4 **Powers of the commission.** The commission shall
14 have all powers necessary and proper to fully and effectively
15 supervise all casino gaming operations, including but not
16 limited to the following:

17 (1) Administer, regulate, and enforce the system of casino
18 gaming established by this chapter. The commission's
19 jurisdiction shall extend to every person,
20 association, corporation, partnership, and trust
21 involved in casino gaming operations in a county;



- 1 (2) To determine the types and numbers of operator's,
2 occupational, and supplier's licenses to be permitted
3 under this chapter;
- 4 (3) To adopt standards for the licensing of all persons
5 under this chapter, to issue licenses, and to
6 establish and collect fees for these licenses;
7 provided that all fees and amounts collected from
8 fines and penalties shall be paid to the county unless
9 the disposition of these moneys is specifically
10 provided for under this chapter;
- 11 (4) To provide for the collection of all taxes imposed
12 pursuant to this chapter; and to collect, receive,
13 expend, and account for all revenues derived from
14 casino gaming within a county;
- 15 (5) To enter the office, casinos, facilities, or other
16 places of business of a licensee, where evidence of
17 the compliance or noncompliance with this chapter is
18 likely to be found;
- 19 (6) To investigate alleged violations of this chapter and
20 to take appropriate disciplinary action against a
21 licensee or a holder of an occupational license for a



1 violation, or institute appropriate legal action for
2 enforcement, or both;

3 (7) To be present through its inspectors and agents any
4 time casino gaming operations are conducted in any
5 casino for the purpose of certifying the revenue
6 thereof, receiving complaints from the public, and
7 conducting any other investigations into the conduct
8 of the casino gaming and the maintenance of the
9 equipment as from time to time the commission may deem
10 necessary and proper;

11 (8) To adopt appropriate standards for all casino
12 facilities, as well as for electronic or mechanical
13 gaming devices;

14 (9) To require that the records, including financial or
15 other statements of any licensee under this chapter,
16 be kept in the manner prescribed by the commission and
17 that any licensee involved in the ownership or
18 management of casino gaming operations submit to the
19 commission an annual balance sheet and profit and loss
20 statement, a list of the stockholders or other persons
21 having a one per cent or greater beneficial interest
22 in the gaming activities of each licensee, and any



1 other information the commission deems necessary in
2 order to effectively administer this chapter;

3 (10) To conduct hearings, issue subpoenas for the
4 attendance of witnesses and subpoenas duces tecum for
5 the production of books, records, and other pertinent
6 documents, and to administer oaths and affirmations to
7 the witnesses, when, in the judgment of the
8 commission, it is necessary to administer or enforce
9 this chapter;

10 (11) To prescribe an employment application form to be used
11 by any licensee involved in the ownership or
12 management of casino gaming operations for hiring
13 purposes;

14 (12) To eject or exclude or authorize the ejection or
15 exclusion of, any person from casino gaming facilities
16 where the person is in violation of this chapter or
17 where the person's conduct or reputation is of a
18 nature that the person's presence within a casino
19 facility, in the opinion of the commission, may call
20 into question the honesty and integrity of the casino
21 gaming operation or interfere with the orderly conduct
22 thereof; provided that the propriety of that ejection



1 or exclusion shall be subject to subsequent hearing by
2 the commission;

3 (13) To permit licensees of casino gaming operations to
4 utilize a wagering system whereby gainers' money may
5 be converted to tokens, electronic cards, or chips
6 that shall be used only for wagering within the casino
7 facility;

8 (14) To suspend, revoke, or restrict licenses, to require
9 the removal of a licensee or an employee of a licensee
10 for a violation of this chapter or a commission rule
11 or for engaging in a fraudulent practice;

12 (15) To impose and collect fines of up to \$5,000 against
13 individuals and up to \$10,000 or an amount equal to
14 the daily gross receipts, whichever is larger, against
15 licensees for each violation of:

16 (A) This chapter;

17 (B) Any rules adopted by the commission;

18 (C) Any order of the commission;

19 (D) Any other action that, in the commission's

20 discretion, is a detriment or impediment to

21 casino gaming operations;



- 1 (16) To hire employees to gather information, conduct
- 2 investigations, and carry out any other tasks
- 3 contemplated under this chapter;
- 4 (17) To establish minimum levels of insurance to be
- 5 maintained by licensees;
- 6 (18) To delegate the execution of any of its powers for the
- 7 purpose of administering and enforcing this chapter
- 8 and rules adopted under this chapter;
- 9 (19) To adopt necessary rules under chapter 91 to implement
- 10 this chapter; and
- 11 (20) To take any other action as may be reasonable or
- 12 appropriate to enforce this chapter and rules adopted
- 13 under this chapter.

14 § -5 **Application for operator's license.** (a) A

15 qualified person may apply to the commission for an operator's

16 license to conduct a casino gaming operation. The application

17 shall be made on forms provided by the commission and shall

18 contain any information that the commission prescribes,

19 including but not limited to:

- 20 (1) The exact location of the casino facility;
- 21 (2) A gaming facility master development plan if the
- 22 casino facility has not been used or constructed for



1 casino gaming by a previous operator licensed under
2 this chapter;

3 (3) Detailed information regarding the ownership and
4 management of the applicant; and

5 (4) Detailed personal information regarding the applicant,
6 along with two sets of the applicant's fingerprints on forms
7 provided by the commission.

8 Information provided on the application shall be used as
9 the basis for a thorough background investigation that the
10 commission shall conduct with respect to each applicant. An
11 incomplete application shall be cause for denial of a license by
12 the commission.

13 (b) Applicants shall submit with their application all
14 documents, resolutions, and letters of support from the
15 governing body that represents the county wherein the licensee's
16 casino facility is or will be located.

17 (c) Each applicant shall disclose the identity of every
18 person, association, trust, or corporation having a greater than
19 one per cent, direct or indirect, pecuniary interest in the
20 casino gaming operation with respect to which the license is
21 sought. If the disclosed entity is any of the following, the
22 applicant shall disclose:



1 (1) A trust, the names and addresses of the beneficiaries;

2 (2) A corporation, the names and addresses of all
3 stockholders and directors;

4 (3) A limited liability company, the names and addresses
5 of all its members; and

6 (4) A partnership, the names and addresses of all
7 partners, both general and limited.

8 (d) An application fee of \$50,000 shall be paid at the
9 time of filing to defray the costs associated with the
10 background investigation conducted by the commission, and the
11 search and classification of fingerprints obtained by the
12 commission with request to the application. If the costs of the
13 investigation exceed \$50,000, the applicant shall pay the
14 additional amount to the commission. If the costs of the
15 investigation are less than \$50,000, the applicant shall receive
16 a refund of the remaining amount. All information, records,
17 interviews, reports, statements, memoranda, or other data
18 supplied to or used by the commission in the course of its
19 review or investigation of an application for a license shall be
20 privileged, strictly confidential, and shall be used only for
21 the purpose of evaluating an applicant. The information,
22 records, interviews, reports, statements, memoranda, or other



1 data shall not be admissible as evidence, nor discoverable in
2 any action of any kind in any court or before any tribunal,
3 commission, agency, or person, except for any action deemed
4 necessary by the commission.

5 (e) The licensed operator shall be the person primarily
6 responsible for the casino facility itself. The applicant must
7 identify the casino facility it intends to use and certify that
8 the casino facility:

9 (1) Has the capacity of persons per facility; and

10 (2) Is accessible to persons with disabilities.

11 (f) A person who knowingly makes a false statement on an
12 application is guilty of a petty misdemeanor.

13 § -6 **Operator's licenses; term; fee.** (a) No person
14 shall operate and maintain a casino facility for casino gaming
15 in a county unless the person has first obtained an operator's
16 license from the commission pursuant to this section. An
17 operator's license shall be valid only for the casino facility
18 described in the license. If the commission finds that the
19 applicant meets the eligibility requirements, the commission
20 shall issue an operator's license upon payment by the applicant
21 of a fee of \$1,000,000. The license shall be renewable
22 annually, upon payment of an annual fee of \$1,000,000.



1 (b) If the casino facility was not used or constructed by
2 a previous operator licensed under this chapter, the recipient
3 of the operator's license shall be required to implement a
4 gaming facility master development plan that shall entail an
5 expenditure of at least \$200,000,000, including all development
6 expenditures for construction of casino and related facilities
7 and amenities and any other development infrastructure
8 (including on and off site development improvements), and
9 expenditures for any improvements exacted as a condition to any
10 governmental approval, action, or permit, but excluding the
11 costs of acquiring, subdividing, or rezoning land (other than
12 land required to satisfy governmental exactions) and prior
13 development expenditures for existing improvements to real
14 property. To secure this commitment, the holder of an
15 operator's license shall file a financial guarantee bond in the
16 sum of \$200,000,000 with the department in favor of the county
17 for which the operator's license is issued.

18 The casino facility may be on the same parcel, contiguous
19 parcels, or noncontiguous parcels from the rest of the
20 facilities described in the gaming facility master development
21 plan. Hotels, time shares, and transient accommodation lodging



1 shall not be permitted within the casino facility or within one-
2 thousand feet of the perimeter of the casino facility.

3 (c) An operator's license is issued to the operator and
4 not to the casino facility. The commission may authorize a
5 licensed operator to own and operate only one casino facility in
6 any one county per operator's license.

7 (d) No more than one operator's license shall be allowed
8 in any county; provided that at any time after a licensed casino
9 facility has been in continuous operation for sixty months, up
10 to two operator's licenses shall be permitted within the county;

11 (e) An applicant shall be ineligible to receive an
12 operator's license if:

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

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

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

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



- 1 (5) The person described in paragraph (1), (2), (3), or
2 (4) is an officer, director, or managerial employee of
3 the firm or corporation applying for a license;
- 4 (6) The firm or corporation applying for a license employs
5 a person described in paragraph (1), (2), (3), or (4)
6 who participates in the management or operation of
7 gaming operations authorized under this chapter;
- 8 (7) The person, firm, or corporation applying for a
9 license has more than a ten per cent ownership
10 interest in any entity holding an operator's license
11 issued under this chapter;
- 12 (8) A license of the person, firm, or corporation issued
13 under this chapter, or a license to own or operate
14 gaming facilities in any other jurisdiction, has been
15 revoked; or
- 16 (9) The person is not a corporation or other entity that
17 is publicly traded on a national exchange or over the
18 counter as part of the NASDAQ market and that is
19 currently engaged in casino gaming, or a subsidiary of
20 such a corporation or entity, or a partnership, joint
21 venture, or other entity having such corporation or



1 entity as a general or joint venture partner or
2 participant.

3 (f) In determining whether to grant an operator's license
4 to an applicant, the commission shall consider:

5 (1) The character, reputation, experience, and financial
6 integrity of the applicant and of any other or
7 separate person that either:

8 (A) Controls, directly or indirectly, the applicant,
9 or

10 (B) Is controlled, directly or indirectly, by the
11 applicant or by a person that controls, directly
12 or indirectly, the applicant;

13 (2) The attributes of the casino facility and its
14 proximity to international airport and resort hotel
15 facilities and its distance from urban or suburban
16 areas and consequent traffic impact;

17 (3) If the casino facility was not used or constructed by
18 a previous operator licensed under this chapter, the
19 timetable for the completion of the improvements
20 described in the gaming facility master development
21 plan; provided that the casino facility may be



- 1 completed and placed into operation before the
2 completion of the balance of the improvements;
- 3 (4) The highest prospective total revenue to be derived
4 from the conduct of casino gaming;
- 5 (5) The financial ability of the applicant to purchase and
6 maintain adequate liability and casualty insurance;
- 7 (6) Whether the applicant has adequate capitalization to
8 provide and maintain, for the duration of a license, a
9 casino gaming operation; and
- 10 (7) The extent to which the applicant exceeds or meets
11 other standards for the issuance of an operator's
12 license that the commission may adopt by rule.
- 13 (g) The commission may revoke the operator's license if a
14 licensee fails to begin regular casino gaming operations within
15 twelve months of receipt of the commission's approval of the
16 application or twelve months after a certificate of occupancy
17 for the casino facility is first issued, whichever is later,
18 upon a finding by the commission that license revocation is in
19 the best interest of the State and the county in which casino
20 gaming is authorized.
- 21 (h) The commission shall establish a process to facilitate
22 and expedite the approval of the necessary licenses and permits.



1 The commission may establish its own procedures for the issuance
2 of liquor licenses for any holder of an operator's license under
3 this chapter; provided that all state laws and county ordinances
4 relating to liquor are met.

5 (i) Nothing in this chapter shall be interpreted to
6 prohibit a licensed owner from operating a school for the
7 training of any occupational licensee.

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

21 § -8 **Supplier's licenses.** (a) No person shall furnish
22 any equipment, devices, or supplies to a licensed casino gaming



1 operation under this chapter unless the person has first
2 obtained a supplier's license pursuant to this section. The
3 commission may issue a supplier's license to any person, firm,
4 or corporation who:

5 (1) Pays a nonrefundable application fee as set by the
6 commission;

7 (2) Is determined by the commission to be eligible for a
8 supplier's license; and

9 (3) Pays a \$5,000 license fee.

10 Supplier's licenses shall be renewable annually upon payment of
11 the \$5,000 annual license fee and a determination by the
12 commission that the licensee continues to meet all of the
13 requirements of this chapter.

14 (b) The holder of a supplier's license may sell or lease,
15 or contract to sell or lease, gaming equipment and supplies to
16 any licensee involved in the ownership or management of casino
17 gaming operations.

18 (c) Casino gaming supplies and equipment shall not be
19 distributed unless supplies and equipment conform to standards
20 adopted by rules of the commission.

21 (d) A person, firm, or corporation shall be ineligible to
22 receive a supplier's license if:



- 1 (1) The person has been convicted of a felony under the
- 2 laws of this State, any other state, or the United
- 3 States;
- 4 (2) The person has been convicted of any violation under
- 5 chapter III, chapter 712, or substantially similar
- 6 laws of another jurisdiction;
- 7 (3) The person has submitted an application for a license
- 8 under this chapter that contains false information;
- 9 (4) The person is a member of the commission;
- 10 (5) The firm or corporation is one in which a person
- 11 defined in paragraph (1), (2), (3), or (4) is an
- 12 officer, director, or managerial employee;
- 13 (6) The firm or corporation employs a person defined in
- 14 paragraph (1), (2), (3), or (4) who participates in
- 15 the management or operation of casino gaming
- 16 authorized under this chapter; or
- 17 (7) The license of the person, firm, or corporation issued
- 18 under this chapter, or a license to own or operate
- 19 casino gaming facilities in any other jurisdiction,
- 20 has been revoked.
- 21 (e) A supplier shall:



- 1 (1) Furnish to the commission a list of all equipment,
2 devices, and supplies offered for sale or lease in
3 connection with casino games authorized under this
4 chapter;
- 5 (2) Keep books and records for the furnishing of
6 equipment, devices, and supplies to gaming casino
7 operations separate and distinct from any other
8 business that the supplier might operate;
- 9 (3) File a quarterly return with the commission listing
10 all sales and leases;
- 11 (4) Permanently affix its name to all its equipment,
12 devices, and supplies for casino gaming operations;
13 and
- 14 (5) File an annual report listing its inventories of
15 casino gaming equipment, devices, and supplies.
- 16 (f) Any person who knowingly makes a false statement on an
17 application is guilty of a petty misdemeanor.
- 18 (g) Any casino gaming equipment, devices, or supplies
19 provided by any licensed supplier may either be repaired in the
20 casino facility or be removed from the casino facility to a
21 facility owned by the holder of an operator's license for
22 repair. Any supplier's equipment, devices, and supplies that



1 are used by any person in an unauthorized gaming operation shall
2 be forfeited to the county.

3 § -9 **Occupational licenses.** (a) The commission may
4 issue an occupational license to an applicant upon the payment
5 of a nonrefundable application fee as set by the commission,
6 upon a determination by the commission that the applicant is
7 eligible for an occupational license, and upon payment of an
8 annual license fee in an amount set by the commission. To be
9 eligible for an occupational license, an applicant shall:

10 (1) Be at least twenty-one years of age if the applicant
11 will perform any function involved in casino gaming by
12 patrons. Any applicant seeking an occupational
13 license for a nongaming function shall be at least
14 eighteen years of age;

15 (2) Not have been convicted of a felony offense, or a
16 similar statute of any other jurisdiction, or a crime
17 involving dishonesty or moral turpitude;

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

21 (4) Have met standards for the holding of an occupational
22 license as provided in rules adopted by the



1 commission, including background inquiries and other
2 requirements similar to those for an operator's
3 license.

4 (b) Each application for an occupational license shall be
5 on forms prescribed by the commission and shall contain all
6 information required by the commission. The applicant shall set
7 forth in the application whether the applicant:

8 (1) Has been issued prior casino gaming-related licenses
9 in any jurisdiction;

10 (2) Has been licensed in any other jurisdiction under any
11 other name, and, if so, the name and the applicant's
12 age at the time; or

13 (3) Whether or not a permit or license issued to the
14 applicant in any other jurisdiction has been
15 suspended, restricted, or revoked and, if so, for what
16 period of time.

17 (c) Each applicant shall submit with the application two
18 sets of the applicant's fingerprints. The commission shall
19 charge each applicant a fee to defray the costs associated with
20 the search and classification of fingerprints obtained by the
21 commission with respect to the application.



1 (d) The commission may refuse an occupational license to
2 any person:

3 (1) Who is unqualified to perform the duties required of
4 the applicant;

5 (2) Who fails to disclose or states falsely any
6 information called for in the application;

7 (3) Who has been found guilty of a violation of this
8 chapter or whose prior casino gaming related license
9 or application therefor has been suspended,
10 restricted, revoked, or denied for just cause in any
11 other jurisdiction; or

12 (4) For any other just cause.

13 (e) The commission may suspend, revoke, or restrict any
14 occupational licensee:

15 (1) For any violation of this chapter;

16 (2) For any violation of the rules of the commission;

17 (3) For any cause that, if known to the commission, would
18 have disqualified the applicant from receiving a
19 license;

20 (4) For default in the payment of any obligation or debt
21 due to the State or the county; or

22 (5) For any other just cause.



1 (f) A person who knowingly makes a false statement on an
2 application is guilty of a petty misdemeanor.

3 (g) Any license issued pursuant to this section shall be
4 valid for a period of one year from the date of issuance and
5 shall be renewable annually upon payment of the annual license
6 fee and a determination by the commission that the licensee
7 continues to meet all of the requirements of this chapter.

8 (h) Any training provided for occupational licensees may
9 be conducted either in a licensed casino facility or at a school
10 with which a licensed owner has entered into an agreement.

11 § -10 **Violations involving improper influence, lobbying,**
12 **and political contributions.** (a) The following individuals
13 shall be prohibited from knowingly accepting a gift or political
14 contribution from the persons listed in subsection (b):

- 15 (1) Current or former legislators;
- 16 (2) Current or former elected or appointed officials;
- 17 (3) The current or former executive director; or
- 18 (4) Current or former members of:
 - 19 (A) The commission;
 - 20 (B) Employees of the commission; and
 - 21 (C) Employees working:



1 in any casino gaming facility or operation licensed or
2 applied for under this chapter; or

3 (4) A political committee that is directly established,
4 administered, or controlled, in whole or in part, by a
5 person that has a significant financial interest in
6 any casino gaming facility or operation licensed or
7 applied for under this chapter.

8 (c) No individuals enumerated in subsection (a) may:

9 (1) For compensation, represent a person that has made or
10 intends to make a bid to operate any casino gaming
11 facility or operation licensed or applied for under
12 this chapter before the commission;

13 (2) Represent any person or receive compensation for
14 services rendered on behalf of any person regarding a
15 particular matter in which the former officer or
16 employee participated during the period of service or
17 employment with the office, either through personal
18 involvement or because the matter was within the scope
19 of the officer's or employee's official
20 responsibility;

21 (3) For compensation, communicate directly with a member
22 of the legislative branch to influence legislation on



1 behalf of a person that has a significant financial
2 interest in any casino gaming facility or operation
3 licensed or applied for under this chapter;

- 4 (4) Be employed in any form by any licensee or applicant
5 listed in subsection (b); provided that any person
6 related to the persons listed in subsection (a) within
7 the second degree of consanguinity or affinity may be
8 employed but shall make a written disclosure of this
9 relationship to the commission and include a job
10 description for which the person is being employed; or
11 (5) Obtain a direct ownership interest in any casino
12 gaming facility or operation licensed or applied for
13 under this chapter; provided that this paragraph shall
14 also apply to persons related to the persons listed in
15 subsection (a) within the second degree of
16 consanguinity or affinity;

17 provided that, in the case of individuals who are no longer
18 serving in the capacities described above, this subsection shall
19 apply before the second anniversary of the date of termination
20 of service.

21 (d) A person who violates subsection (a) or (b) commits a
22 misdemeanor. A person who violates subsection (c) commits a



1 class C felony. Upon conviction of any violation of this
2 section, the person shall immediately forfeit the person's
3 office or employment without regard to chapter 76, 78, or 89, or
4 any collective bargaining agreement. Any provision of any
5 collective bargaining agreement in conflict with this subsection
6 is void as against public policy.

7 (e) As used in this section:

8 "Direct ownership interest" means any financial interest,
9 equitable interest, beneficial interest, or ownership control
10 held by the persons enumerated in subsection (a) or the person's
11 family member related within the second degree of consanguinity
12 or affinity, in any casino gaming facility or operation licensed
13 or applied for under this chapter; provided that a direct
14 ownership interest shall not include any equity interest
15 purchased at fair market value or equity interest received as
16 consideration for goods and services provided at fair market
17 value of less than one per cent of the total outstanding shares
18 of stock of any publicly traded corporation or certificates of
19 partnership of any limited partnership that is listed on a
20 regulated stock exchange or automated quotation system.

21 "Elected or appointed official" means any official of the
22 State or the counties occupying a position that has



1 discretionary powers over the operations of any casino gaming
2 facility or operation licensed or applied for under this
3 chapter.

4 "Gift" includes a gratuity, tip, meal, or other thing of
5 value for which the recipient does not compensate the person
6 making the gift.

7 "Participated" means to have taken action as an officer or
8 employee through decision, approval, disapproval,
9 recommendation, giving advice, or similar action.

10 "Particular matter" includes an investigation, an
11 application, a request for a ruling or determination, a license
12 proceeding, rulemaking, a contract, a controversy, a claim, a
13 charge, an accusation, an arrest, or a judicial or other
14 proceeding.

15 "Person that has a significant financial interest in any
16 casino gaming facility or operation licensed under this chapter"
17 means:

- 18 (1) A person that manufactures, distributes, sells, or
19 produces casino equipment, devices, supplies,
20 services, or advertising; or



1 (2) A person that has, or intends to apply for any casino
2 license permitted in this chapter in the preceding two
3 years.

4 § **-11 Annual report.** The commission shall file a
5 written annual report with the governor and the legislature on
6 or before sixty days following the close of each fiscal year and
7 any additional reports that the governor or the legislature may
8 request. The annual report shall include a statement of
9 receipts and disbursements related to casino gaming pursuant to
10 this chapter, actions taken by the commission, and any
11 additional information and recommendations that the commission
12 may deem valuable or that the governor or the legislature may
13 request.

14 § **-12 Hearings by the commission.** (a) Upon order of
15 the commission, one of the commission members or a hearings
16 officer designated by the commission may conduct any hearing
17 provided for under this chapter related to casino gaming or by
18 commission rule and may recommend findings and decisions to the
19 commission. The commission member or hearings officer
20 conducting the hearing shall have all powers and rights granted
21 to the commission in this chapter. The record made at the time
22 of the hearing shall be reviewed by the commission, or a



1 majority thereof, and the findings and decision of the majority
2 of the commission shall constitute the order of the commission
3 in that case.

4 (b) Any party aggrieved by an action of the commission
5 denying, suspending, revoking, restricting, or refusing to renew
6 a license under this chapter may request a hearing before the
7 commission. A request for a hearing must be made to the
8 commission in writing within five days after service of notice
9 of the action of the commission. Notice of the action of the
10 commission shall be served either by personal delivery or by
11 certified mail, postage prepaid, to the aggrieved party. Notice
12 served by certified mail shall be deemed complete on the
13 business day following the date of the mailing. The commission
14 shall conduct all requested hearings promptly and in reasonable
15 order.

16 § -13 **Disclosure of records.** (a) Notwithstanding any
17 other law to the contrary, the commission on written request
18 from any person, shall provide information furnished by an
19 applicant or licensee concerning the applicant or licensee, or
20 the applicant's or licensee's products, services, or gaming
21 enterprises, and business holdings related to casino gaming
22 under this chapter, as follows:



- 1 (1) The name, business address, and business telephone
2 number of any applicant or licensee;
- 3 (2) An identification of any applicant or licensee
4 including, if an applicant or licensee is not an
5 individual or partnership, the state of incorporation
6 or registration, the corporate officers, and the
7 identity of all shareholders or participants;
- 8 (3) An identification of any business, including, if
9 applicable, the state of incorporation or
10 registration, in which an applicant or licensee or an
11 applicant's or licensee's spouse or children has an
12 equity interest of more than five per cent. If an
13 applicant or licensee is a corporation, partnership,
14 or other business entity, the applicant or licensee
15 shall identify any other corporation, partnership, or
16 business entity in which it has an equity interest of
17 five per cent or more, including, if applicable, the
18 state of incorporation or registration;
- 19 (4) Whether an applicant or licensee has been indicted,
20 convicted, pleaded guilty or nolo contendere, or
21 forfeited bail concerning any criminal offense under
22 the laws of any jurisdiction, either felony or



1 misdemeanor (except for traffic violations), including
2 the date, the name, and location of the court,
3 arresting agency, and prosecuting agency, the case
4 number, the offense, the disposition, and the location
5 and length of incarceration;

6 (5) Whether an applicant or licensee has had any license
7 or certificate issued by a licensing authority in
8 Hawaii or any other jurisdiction denied, restricted,
9 suspended, revoked, or not renewed and a statement
10 describing the facts and circumstances concerning the
11 denial, restriction, suspension, revocation, or
12 nonrenewal, including the licensing authority, the
13 date each action was taken, and the reason for each
14 action;

15 (6) Whether an applicant or licensee has ever filed or had
16 filed against it a proceeding in bankruptcy or has
17 ever been involved in any formal process to adjust,
18 defer, suspend, or otherwise work out the payment of
19 any debt including the date of filing, the name and
20 location of the court, and the case and number of the
21 disposition;



- 1 (7) Whether an applicant or licensee has filed, or been
2 served with a complaint or other notice filed with any
3 public body, regarding the delinquency in the payment
4 of, or a dispute over the filings concerning the
5 payment of, any tax required under federal, state, or
6 local law, including the amount, type of tax, the
7 taxing agency, and time periods involved;
- 8 (8) A statement listing the names and titles of all public
9 officials or officers of any unit of government, and
10 relatives of all public officials or officers who,
11 directly or indirectly, own any financial interest in,
12 have any beneficial interest in, are the creditors of
13 or hold any debt instrument issued by, or hold or have
14 any interest in any contractual or service
15 relationship with, an applicant or licensee;
- 16 (9) Whether an applicant or licensee has made, directly or
17 indirectly, any political contribution, or any loans,
18 donations, or other payments, to any candidate for
19 public office in this State or any office holder in
20 this State, within five years from the date of filing
21 the application, including the amount and the method
22 of payment;



1 (10) The name and business telephone number of any attorney
2 representing an applicant or licensee in matters
3 before the commission;

4 (11) A description of any proposed or approved casino
5 gaming operation, including location of the casino
6 facility, expected economic benefit to the community,
7 anticipated or actual number of employees, statement
8 from an applicant or licensee stating the applicant or
9 licensee is in compliance with federal and state
10 affirmative action guidelines, projected or actual
11 admissions, and projected or actual adjusted gross
12 gaming receipts; and

13 (12) A description of the product or service to be supplied
14 by an applicant for a supplier's license.

15 (b) Notwithstanding any other law to the contrary, the
16 commission, on written request from any person, shall also
17 provide the following information related to casino gaming under
18 this chapter:

19 (1) The amount of the wagering tax paid daily to the
20 county by the holder of an operator's license;

21 (2) Whenever the commission finds an applicant for an
22 operator's license unsuitable for licensing, a copy of



1 the written letter outlining the reasons for the
2 denial; and

3 (3) Whenever the commission has refused to grant leave for
4 an applicant to withdraw an application, a copy of the
5 letter outlining the reasons for the refusal.

6 (c) Subject to subsection (b), the commission shall not
7 disclose any information the disclosure of which would be barred
8 by:

9 (1) Chapter 92F; or

10 (2) The statutes, rules, regulations, or intergovernmental
11 agreements of any jurisdiction.

12 (d) The commission may assess fees for the copying of
13 information in accordance with chapter 92F.

14 § -14 **Conduct of casino gaming.** Casino gaming may be
15 conducted by a licensed operator, subject to the following
16 standards:

17 (1) Minimum and maximum wagers on games shall be set by
18 the licensee;

19 (2) Agents of the commission may enter and inspect any
20 casino facility at any time for the purpose of
21 determining compliance with this chapter;



- 1 (3) Employees of the commission shall have the right to be
2 present in a casino facility or on adjacent facilities
3 under the control of the licensee;
- 4 (4) Gaming equipment and supplies customarily used in
5 conducting casino gaming must be purchased or leased
6 only from suppliers licensed under this chapter;
- 7 (5) Persons licensed under this chapter shall permit no
8 form of wagering on games except as permitted by this
9 chapter;
- 10 (6) Wagers may be received only from a person present in a
11 licensed casino facility. No person present in a
12 licensed casino facility shall place or attempt to
13 place a wager on behalf of another person who is not
14 present in the casino facility;
- 15 (7) Wagering shall not be conducted with money or other
16 negotiable currency, except for wagering on slot
17 machines;
- 18 (8) A person under age twenty-one shall not be permitted
19 in an area of a casino facility where casino gaming is
20 being conducted, except for a person at least eighteen
21 years of age who is an employee of the casino
22 facility. No employee under age twenty-one shall



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

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

12 (10) In addition to the above, casino gaming must be
13 conducted in accordance with all rules adopted by the
14 commission.

15 § -15 Collection of amounts owing under credit

16 agreements. Notwithstanding any other law to the contrary, a
17 licensed operator who extends credit to a casino gaming patron
18 shall be expressly authorized to institute a cause of action to
19 collect any amounts due and owing under the extension of credit,
20 as well as the operator's costs, expenses, and reasonable
21 attorney's fees incurred in collection.



1 § -16 **Wagering tax; rate; distribution.** (a) A tax
2 shall be imposed on the adjusted gross receipts received from
3 casino gaming authorized under this chapter at the rate of
4 fifteen and one-half per cent of which the commission shall
5 retain one-half of one per cent, but not less than \$1,000,000,
6 to cover the expenses of the commission's operations including
7 any programs that the commission may initiate including
8 employment training and problem gamblers' programs throughout
9 the State. The State shall receive two-thirds of the remaining
10 balance of the tax, and the county in which the wagering tax is
11 imposed shall receive one-third; provided that if the
12 commission's share of the wagering tax and proceeds of licensing
13 fees are insufficient, the county in which the wagering tax is
14 imposed shall reimburse the commission for its necessary
15 expenses; provided further that the portion of the wagering tax
16 going to the State and the relevant county shall be used only
17 for educational costs or direct medical care costs, or both, but
18 not for administrative costs. The wagering tax imposed by this
19 section shall be in lieu of all other state taxes on gross or
20 adjusted gross receipts, except income taxes, including taxes
21 levied under chapters 237 and 239.



1 (b) The tax imposed by this section shall be paid by the
2 licensed operator to the commission no less frequently than
3 monthly by the fifteenth day of the following month. If the
4 amount of the wagering tax required to be reported and paid
5 pursuant to this section is later determined to be greater or
6 less than the amount actually reported and paid by the licensee,
7 the chairperson of the commission shall:

8 (1) Assess and collect the additional wagering tax
9 determined to be due, with interest thereon until
10 paid; or

11 (2) Refund any overpayment, with interest thereon, to the
12 licensee.

13 Interest must be computed, until paid, at the rate of one per
14 cent per month from the first day of the first month following
15 either the due date of the additional wagering tax or the date
16 of overpayment.

17 § -17 **Licenses; records; reports; supervision.** (a) A
18 licensed operator shall keep books and records related to casino
19 gaming permitted under this chapter so as to clearly show:

20 (1) The daily number of admissions;

21 (2) The total monthly amount of gross receipts; and



1 (3) The total monthly amount of the adjusted gross
2 receipts.

3 (b) The licensed operator shall furnish to the commission
4 reports and information that the commission may require with
5 respect to the operator's activities on forms designed and
6 supplied for the purpose by the commission.

7 (c) The books and records kept by a licensed operator
8 shall be public records and the examination, publication, and
9 dissemination of the books and records shall be subject to
10 chapter 92F.

11 § -18 **Audit of licensee operations.** Within ninety days
12 after the end of each quarter of each fiscal year, the licensed
13 operator shall transmit to the commission an audit of the
14 financial transactions and condition of the licensee's total
15 operations. All audits shall be conducted by certified public
16 accountants selected by the commission. Each certified public
17 accountant shall be registered and licensed to practice in this
18 State. Compensation for each certified public accountant shall
19 be paid directly by the licensed operator to the certified
20 public accountant.

21 § -19 **Judicial review.** Jurisdiction and venue for the
22 judicial review of a final order of the commission relating to



1 operator's, supplier's, or occupational licenses shall be vested
2 in the circuit court of the appropriate jurisdiction. A
3 petition for judicial review of a final order of the commission
4 shall be filed within thirty days after entry of the final
5 order.

6 § -20 **Offenses; penalty.** (a) A person is guilty of a
7 misdemeanor for any of the following:

8 (1) Operating a casino facility where wagering is used or
9 to be used without a license issued by the commission;

10 (2) Operating a casino facility where wagering is
11 permitted other than in the manner authorized under
12 this chapter; or

13 (3) Permitting a person under twenty-one years to make a
14 wager.

15 (b) A person wagering or accepting a wager at any location
16 outside the casino facility shall be subject to the penalties in
17 sections 712-1220 to 712-1230.

18 (c) A person commits a class C felony and, in addition,
19 shall be barred for life from casino facilities under the
20 jurisdiction of the commission, if the person does any of the
21 following:



1 (1) Offers, promises, or gives anything of value or
2 benefit to a person who is connected with a casino
3 facility owner including but not limited to an officer
4 or employee of a licensed operator or holder of an
5 occupational license pursuant to an agreement or
6 arrangement or with the intent that the promise or
7 thing of value or benefit will:

8 (A) Influence the actions of the person to whom the
9 offer, promise, or gift was made in order to
10 affect or attempt to affect the outcome of a
11 gaming activity; or

12 (B) Influence official action of the executive
13 director, a member or employees of the
14 commission, or employees in the department of the
15 attorney general or state or county public safety
16 officers who have direct authority over the
17 regulation or investigation of any licensee or
18 applicant;

19 (2) Solicits or knowingly accepts or receives a promise of
20 anything of value or benefit while the person is
21 connected with a casino facility including but not
22 limited to an officer or employee of a licensed



1 operator or holder of an occupational license,
2 pursuant to an understanding or arrangement or with
3 the intent that the promise or thing of value or
4 benefit will:

5 (A) Influence the actions of the person to affect or
6 attempt to affect the outcome of a gaming
7 activity; or

8 (B) Influence official action of the executive
9 director, a member or employees of the
10 commission, or employees in the department of the
11 attorney general or state or county public safety
12 officers who have direct authority over the
13 regulation or investigation of any licensee or
14 applicant;

15 (3) Uses or possesses with the intent to use a device to
16 assist:

17 (A) In projecting the outcome of a casino game;

18 (B) In keeping track of the cards played in a casino
19 game;

20 (C) In analyzing the probability of the occurrence of
21 an event relating to the gaming activity; and



- 1 (D) In analyzing the strategy for playing or betting
2 to be used in a casino game except as permitted
3 by the commission;
- 4 (4) Cheats at a gaming activity;
- 5 (5) Manufactures, sells, or distributes any cards, chips,
6 dice, game, or device that is intended to be used to
7 violate this chapter;
- 8 (6) Alters or misrepresents the outcome of a gaming
9 activity on which wagers have been made after the
10 outcome is made sure but before it is revealed to the
11 players;
- 12 (7) Places a bet after acquiring knowledge, not available
13 to all players, of the outcome of the gaming activity
14 that is the subject of the bet or to aid a person in
15 acquiring the knowledge for the purpose of placing a
16 bet contingent on that outcome;
- 17 (8) Claims, collects, or takes, or attempts to claim,
18 collect, or take, money or anything of value in or
19 from the games, with intent to defraud, without having
20 made a wager contingent on winning a gaming activity,
21 or claims, collects, or takes an amount of money or
22 thing of value of greater value than the amount won;



1 (9) Uses counterfeit chips or tokens in a gaming activity;
2 or

3 (10) Possesses any key or device designed for the purpose
4 of opening, entering, or affecting the operation of a
5 gaming device, drop box, or an electronic or
6 mechanical device connected with the gaming activity,
7 or for removing coins, tokens, chips, or other
8 contents of a gaming device; provided that this
9 paragraph shall not apply to a gaming licensee or
10 employee of a gaming licensee acting in furtherance of
11 the employee's employment.

12 (d) The possession of more than one of the devices
13 described in subsection (c)(3), (5), or (10) raises a rebuttable
14 presumption that the possessor intended to use the devices for
15 cheating.

16 § -21 **Prohibited activities; civil penalties.** Any
17 person who conducts a casino gaming operation without first
18 obtaining a license to do so, or who continues to conduct any
19 gaming operations after revocation of the person's license, or
20 any licensee who conducts or allows to be conducted any
21 unauthorized casino games in a casino facility where it is
22 authorized to conduct its casino gaming operation, in addition



1 to other penalties provided, shall be subject to a civil penalty
2 equal to the amount of gross receipts derived from wagering on
3 the games, whether unauthorized or authorized, conducted on that
4 day as well as confiscation and forfeiture of all gaming
5 equipment used in the conduct of unauthorized games.

6 § -22 **Criminal history record information.** Whenever the
7 commission is authorized or required by law to consider some
8 aspect of criminal history record information for the purpose of
9 carrying out its statutory powers and responsibilities, upon
10 request from the commission, the Hawaii criminal justice data
11 center shall furnish any information contained in its files.

12 § -23 **Exemption from federal laws prohibiting gaming**
13 **devices.** The transportation of gambling devices into a county
14 in which casino gaming is permitted and through other counties
15 of the State shall be exempt from the provisions of Title 15
16 United States Code section 1172. This exemption shall only
17 apply to gambling devices that have satisfied the registration,
18 record keeping, and labeling requirements of Title 15 United
19 States Code section 1173-74 before entry into the State.

20 § -24 **Legislative oversight.** (a) The auditor shall
21 conduct a biennial financial and social assessment of casino
22 gaming operations. In conducting the assessment, the auditor



1 shall identify the financial impacts of casino gaming on the
 2 state economy and the social impacts of gaming upon the
 3 community. The auditor shall submit a report of findings and
 4 recommendations to the legislature prior to the convening of the
 5 next regular session after the biennial assessment is completed.

6 (b) Initially, the auditor shall conduct a program and
 7 financial audit of the Hawaii state gaming commission.
 8 Thereafter, the auditor shall conduct a program and financial
 9 audit every four years after the first audit is completed."

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

13 "§712- Casino gaming; exempted. This part shall not
 14 apply to casino gaming as authorized by chapter ."

15 SECTION 4. Section 237-24, Hawaii Revised Statutes, is
 16 amended to read as follows:

17 "**§237-24 Amounts not taxable.** This chapter shall not
 18 apply to the following amounts:

- 19 (1) Amounts received under life insurance policies and
- 20 contracts paid by reason of the death of the insured;
- 21 (2) Amounts received (other than amounts paid by reason of
- 22 death of the insured) under life insurance, endowment,



1 or annuity contracts, either during the term or at
2 maturity or upon surrender of the contract;

3 (3) Amounts received under any accident insurance or
4 health insurance policy or contract or under workers'
5 compensation acts or employers' liability acts, as
6 compensation for personal injuries, death, or
7 sickness, including also the amount of any damages or
8 other compensation received, whether as a result of
9 action or by private agreement between the parties on
10 account of the personal injuries, death, or sickness;

11 (4) The value of all property of every kind and sort
12 acquired by gift, bequest, or devise, and the value of
13 all property acquired by descent or inheritance;

14 (5) Amounts received by any person as compensatory damages
15 for any tort injury to the person, or to the person's
16 character reputation, or received as compensatory
17 damages for any tort injury to or destruction of
18 property, whether as the result of action or by
19 private agreement between the parties (provided that
20 amounts received as punitive damages for tort injury
21 or breach of contract injury shall be included in
22 gross income);



- 1 (6) Amounts received as salaries or wages for services
2 rendered by an employee to an employer;
- 3 (7) Amounts received as alimony and other similar payments
4 and settlements;
- 5 (8) Amounts collected by distributors as fuel taxes on
6 "liquid fuel" imposed by chapter 243, and the amounts
7 collected by [~~such~~] distributors as a fuel tax imposed
8 by any Act of the Congress of the United States;
- 9 (9) Taxes on liquor imposed by chapter 244D on dealers
10 holding permits under that chapter;
- 11 (10) The amounts of taxes on cigarettes and tobacco
12 products imposed by chapter 245 on wholesalers or
13 dealers holding licenses under that chapter and
14 selling the products at wholesale;
- 15 (11) Federal excise taxes imposed on articles sold at
16 retail and collected from the purchasers thereof and
17 paid to the federal government by the retailer;
- 18 (12) The amounts of federal taxes under chapter 37 of the
19 Internal Revenue Code, or similar federal taxes,
20 imposed on sugar manufactured in the State, paid by
21 the manufacturer to the federal government;



- 1 (13) An amount up to[~~7~~] but not in excess of[~~7~~] \$2,000 a
2 year of gross income received by any blind, deaf, or
3 totally disabled person engaging, or continuing, in
4 any business, trade, activity, occupation, or calling
5 within the State; a corporation all of whose
6 outstanding shares are owned by an individual or
7 individuals who are blind, deaf, or totally disabled;
8 a general, limited, or limited liability partnership,
9 all of whose partners are blind, deaf, or totally
10 disabled; or a limited liability company, all of whose
11 members are blind, deaf, or totally disabled;
- 12 (14) Amounts received by a producer of sugarcane from the
13 manufacturer to whom the producer sells the sugarcane,
14 where:
- 15 (A) The producer is an independent cane farmer, so
16 classed by the Secretary of Agriculture under the
17 Sugar Act of 1948 (61 Stat. 922, Chapter 519) as
18 the Act may be amended or supplemented;
- 19 (B) The value or gross proceeds of sale of the sugar,
20 and other products manufactured from the
21 sugarcane, is included in the measure of the tax



- 1 levied on the manufacturer under section 237-
2 13(1) or (2);
- 3 (C) The producer's gross proceeds of sales are
4 dependent upon the actual value of the products
5 manufactured therefrom or the average value of
6 all similar products manufactured by the
7 manufacturer; and
- 8 (D) The producer's gross proceeds of sales are
9 reduced by reason of the tax on the value or sale
10 of the manufactured products;
- 11 (15) Money paid by the State or eleemosynary child-placing
12 organizations to foster parents for their care of
13 children in foster homes; [~~and~~]
- 14 (16) Amounts received by a cooperative housing corporation
15 from its shareholders in reimbursement of funds paid
16 by [~~such~~] the corporation for lease rental, real
17 property taxes, and other expenses of operating and
18 maintaining the cooperative land and improvements;
19 provided that [~~such a~~] the cooperative corporation is
20 a corporation:
- 21 (A) Having one and only one class of stock
22 outstanding;



1 (B) Each of the stockholders of which is entitled
 2 solely by reason of the stockholder's ownership
 3 of stock in the corporation, to occupy for
 4 dwelling purposes a house, or an apartment in a
 5 building owned or leased by the corporation; and
 6 (C) No stockholder of which is entitled (either
 7 conditionally or unconditionally) to receive any
 8 distribution not out of earnings and profits of
 9 the corporation except in a complete or partial
 10 liquidation of the corporation~~[-]~~; and

11 (17) Amounts received as gross receipts from casino gaming.
 12 The term "gross receipts" shall have the same meaning
 13 as defined in section -1."

14 SECTION 5. Statutory material to be repealed is bracketed.
 15 New statutory material is underscored.

16 SECTION 6. This Act shall take effect upon its approval;
 17 provided that the provisions of section 2 of this Act shall not
 18 be operative or applicable in a particular county unless a
 19 majority of voters of that county vote to approve casino gaming
 20 at the next general election or in a special election held after
 21 the effective date of this Act, pursuant to section 1 of this
 22 Act. An election on whether the provisions of section 2 of this



1 Act shall be operative and applicable in a particular county
 2 shall take place in any counties defined in section 2 of this
 3 Act at the next general election or in a special election held
 4 after the effective date of this Act.

5 SECTION 7. This Act shall be repealed on December 31,
 6 2019, if no county defined in section 2 of this Act approves
 7 casino gaming under sections 1 and 6 of this Act as of that
 8 date.

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INTRODUCED BY:

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JAN 28 2009



Report Title:

Casino Gaming

Description:

Establishes a state gaming commission; provides for casino gaming; permits casino gaming at the option of counties.

