

MAR 10 2010

SENATE RESOLUTION

REQUESTING THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS TO
CONVENE A TASK FORCE TO EVALUATE THE IMPLEMENTATION OF
PARIMUTUEL WAGERING ON HORSE RACING.

1 WHEREAS, horse racing began in Hawaii in the late
2 nineteenth century. The Hawaiian Jockey Club was founded in
3 1872 by King Kalakaua. It was the Hawaiian Jockey Club that
4 brought order out of the irregular conduct of the early races
5 and organized the sport according to the rules that governed
6 races elsewhere. Among the original members of the club were
7 such prominent personages as King Kalakaua, Governor John Owen
8 Dominis, Samuel Parker, Major Cornwell, and A.S. Cleghorn; and
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10 WHEREAS, prior to the Second World War, horse racing was an
11 active pursuit for a great many people for recreation and
12 employment on the Big Island. On Oahu, horse racing officially
13 began in 1939 when the Oahu Jockey club was incorporated and the
14 Kailua race track was constructed. According to newspaper
15 accounts, modern horse racing on Oahu flourished until 1952.
16 The sport of horse racing enjoyed the hearty patronage of King
17 Kalakaua V. The anniversary of the birth of Kamehameha the
18 Great was first made a legal holiday on June 11, 1872, the
19 occasion being celebrated by horse races at Kapiolani Park. A
20 few years later, the races were held on a regular mile course,
21 and on every recurring holiday, crowds gathered there to enjoy
22 racing and trotting events. Attempts to conduct horse racing at
23 Kapiolani Park failed in 1949, and a bill to permit horse racing
24 on Maui failed to pass the House of Representatives in 1959; and
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26 WHEREAS, during this time, Hawaii's economy depended
27 heavily on agriculture, exporting sugar cane and pineapples, but
28 since then, tourism has taken over to become the State's number
29 one industry; and
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31 WHEREAS, as the Legislature contemplates different
32 alternatives to revitalize Hawaii's economy, it is clear that
33 the State needs to diversify Hawaii's economy and expand other
34 industries, in order to assure that economic downturns in other
35 areas do not have such a great impact on our own economy. Other



1 industries the Legislature has attempted to provide additional
2 support for include green, high-return, high-technology, and
3 agricultural industries; and
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5 WHEREAS, the Legislature believes that the time has come to
6 take a hard look at supporting a form of gaming in Hawaii, and
7 parimutuel wagering on horse racing is a well-regulated,
8 economically-advantageous, fair, and industry-diversifying
9 alternative to other forms of gaming; and
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11 WHEREAS, horse racing has a long and honorable
12 international history. Parimutuel wagering is a popular and
13 widespread form of legalized gambling in the United States and
14 is approved in forty states. Parimutuel horse racing and
15 facilities are operated by private groups under strict federal
16 and state government regulation and law enforcement. The
17 industry is also regulated by the Thoroughbred Racing
18 Association, the Thoroughbred Racing Protective Bureau, the
19 United States Trotting Association, and the Association of
20 Racing Commissioners International; and
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22 WHEREAS, from an economic standpoint, a fully-operating
23 track will employ more than six thousand employees in well-
24 paying union jobs. In areas where a race track was built, this
25 industry has spawned the development of many small businesses.
26 It has been estimated that one hundred thousand new jobs have
27 been created in cities with race tracks; and
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29 WHEREAS, race track activities include betting, which is
30 classified as "parimutuel", as opposed to casino gambling. With
31 parimutuel betting, approximately eighty per cent is paid out to
32 the players (which is the reason for the established odds),
33 while ten per cent is paid to the State in taxes and the
34 remaining ten per cent is applied to track expenses. Casino
35 gambling, on the other hand, pays eighty per cent to the house
36 with ten per cent paid to the players; and
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38 WHEREAS, development of a parimutuel horse racing industry
39 in Hawaii would encourage agriculture and the breeding of horses
40 in this State, along with generating employment and economic
41 development opportunities in the veterinary and farming
42 services, among others, as well as provide a landscape
43 reminiscent of the days when the paniolos were prominent. A



1 horse racing facility could even be included in the planning and
2 development of an international sports complex in Hawaii; and
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4 WHEREAS, additionally, the development of a horse racing
5 industry would serve to bolster the State's key tourism industry
6 by providing increased sources of revenue from newly-generated
7 business, hotel, restaurant, and airline activities. The State
8 is currently losing revenues as many residents travel to other
9 states to observe and wager on horse racing and participate in
10 other casing gaming activities; and
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12 WHEREAS, horse racing, which is controlled and regulated by
13 the State, will serve to prevent and deter unlawful bookmaking
14 and gambling activities and will diversify Hawaii's economy,
15 while also diversifying Hawaii's tourism industry; now,
16 therefore,
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18 BE IT RESOLVED by the Senate of the Twenty-fifth
19 Legislature of the State of Hawaii, Regular Session of 2010,
20 that the Department of Commerce and Consumer Affairs is
21 requested to convene a Task Force to examine the establishment
22 of parimutuel wagering for horse racing in Hawaii, including
23 proposed legislation and a draft regulatory scheme; and
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25 BE IT FURTHER RESOLVED that the Legislature requests that
26 the Task Force membership comprise seven persons with knowledge,
27 interest, and proven expertise in one or more of the following
28 fields: equitation and operations of the horse racing industry,
29 accounting, agriculture, commerce and trade, computer science,
30 corporate management, economics, finance, law, law enforcement,
31 tourism, marketing, and the parimutuel industry; and
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33 BE IT FURTHER RESOLVED that the Director of Commerce and
34 Consumer Affairs is requested to appoint the task force members
35 based on lists of candidates submitted by the Department of
36 Business, Economic Development, and Tourism, the Governor, the
37 President of the Senate, and the Speaker of the House of
38 Representatives; and
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40 BE IT FURTHER RESOLVED that the Director of Commerce and
41 Consumer Affairs is requested to submit a report to the
42 Legislature no later than twenty days prior to the convening of
43 the Regular Session of 2011, containing the findings and



1 recommendations of the Task Force, including any proposed
2 legislation and the draft regulatory scheme; and
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4 BE IT FURTHER RESOLVED that the Task Force members are
5 requested to serve on a voluntary basis and to assume
6 responsibility for any costs associated with their participation
7 on the Task Force; and
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9 BE IT FURTHER RESOLVED that certified copies of this
10 Resolution be transmitted to the Governor, Director of Commerce
11 and Consumer Affairs, and the Director of Business, Economic
12 Development, and Tourism.
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OFFERED BY: _____

Robert J. ... 12/12

