

STAND. COM. REP. NO.

1193

Honolulu, Hawaii

March 24 , 2011

RE: S.B. No. 755  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committees on Economic Revitalization & Business and  
Judiciary, to which was referred S.B. No. 755, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

beg leave to report as follows:

The purpose of this measure is to stimulate Hawaii's economy  
by establishing an annual exemption from the general excise tax on  
retail sales of certain back-to-school items during a five-day  
period in late July.

For the purposes of a public hearing, your Committee  
circulated a proposed H.D. 1 of the measure that would delete its  
contents and insert language that authorizes major events such as  
the World Series of Poker or similar tournaments. The proposed  
draft would also authorize the issuance of two licenses to conduct  
similar activities via internet sites hosted in Hawaii. These  
activities would not constitute casino-type gambling because they  
would be limited to contests of skill and would be conducted on a  
peer-to-peer basis in which each participant would take all of the  
participant's winnings and no third party would have a stake in  
the outcome of the games.

Your Committees received testimony in support of the S.D. 2  
from the Chamber of Commerce of Hawaii and the Retail Merchants of  
Hawaii. The Tax Foundation of Hawaii submitted comments. Your  
Committees received testimony in support of the proposed H.D. 1

SB755 HD1 HSCR LRB 11-2698.doc



from fourteen individuals. The Director of Business, Economic Development, and Tourism submitted testimony in support of the intent of the measure. The Office of Information Practices submitted comments.

Your Committees find that peer-to-peer entertainment events would attract participants, their families, and fans to Hawaii for the weeks-long duration of the events and augment tourism-revenues recently diminished by global political unrest and natural disasters. The internet operations would yield a minimum license fee of \$100,000,000 each, twenty per cent of wagers, and free online advertising for the State's tourism industry. Your Committees further find that these peer-to-peer events and their internet analogues would not give rise to the social ills that can attend gambling activities or require expenditures to ameliorate those social ills.

Your Committees have amended this measure by adopting the proposed H.D. 1 with the following further amendments:

- (1) Replacing references to peer-to-peer gaming with references to peer-to-peer entertainment to emphasize that the measure authorizes only contests of skill with no "house";
- (2) Clarifying that the authority of the peer-to-peer entertainment commission is limited to peer-to-peer contests of skill and that it may not authorize establishment of casinos, card rooms, or similar gambling operations;
- (3) Clarifying the authority of the peer-to-peer entertainment commission with regard to regulation of events and those that conduct them, including the authority to establish permit fees and adopt rules relating to insurance and tax-compliance requirements for event operators, the type and size of venues in which the events are to be held, minimum number of participants required, and maximum duration of events;
- (4) Clarifying that participation in contests of skill in the course of peer-to-peer entertainment is limited to live participants; and
- (5) Making other technical amendments for consistency, clarity, and style.



As affirmed by the records of votes of the members of your Committees on Economic Revitalization & Business and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 755, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 755, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committees on Economic  
Revitalization & Business and  
Judiciary,

  
GILBERT KEITH-AGARAN, Chair

  
ANGUS L.K. McKELVEY, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

**HSCR 1193**

**Record of Votes of the Committee on Economic Revitalization & Business**

Bill/Resolution No.: <b>SB 755 SD2 TS</b>	Committee Referral: <b>ERB/JUD, FIN</b>	Date: <b>3/23/11</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. AWANA, Karen L.				✓
4. BROWER, Tom		✓		
5. EVANS, Cindy	✓			
6. HASHEM, Mark J.	✓			
7. NISHIMOTO, Scott Y.				✓
8. TOKIOKA, James Kunane	✓			
9. TSUJI, Clift	✓			
10. MARUMOTO, Barbara C.			✓	
11. PINE, Kymberly Marcos				✓
<b>TOTAL (11)</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>3</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: _____ 				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				

