

STAND. COM. REP. NO.

2541

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 2893
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committees on Economic Development and Technology and
Ways and Means, to which was referred S.B. No. 2893 entitled:

"A BILL FOR AN ACT RELATING TO GAMBLING,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Business, Economic Development, and Tourism to convene a ten-member task force to perform a comprehensive analysis of the costs and benefits of various types of gambling to enable legislators to make informed decisions regarding gambling;
- (2) Require the task force to report its findings and recommendations to the Governor and the Legislature no later than October 1, 2012; and
- (3) Dissolve the task force on June 30, 2013.

Prior to the hearing, your Committees made available to the public a proposed S.D. 1, which:

- (1) Established a nine-member gambling commission, rather than a task force, with three members each to be selected by the Governor, Senate President, and Speaker of the House; and



- (2) Appropriated an unspecified amount for fiscal year 2012-2013 for the gambling commission to perform the analysis.

Your Committees received testimony in support of this measure from Radcliffe & Associates, LLC, and two individuals. Your Committees received testimony in opposition to this measure from the Mayor, City and County of Honolulu; Honolulu Police Department; League of Women Voters of Hawaii; Aupuni O Hawaii; Hawaii Coalition Against Legalized Gambling (HCALG); Hawaii County HCALG; Hawaii Family Forum; Hawaii Appleseed Center for Law and Economic Justice; and four individuals. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism and Spectrum Gaming Group.

Your Committees have heard a number of concerns raised regarding this measure, including references to numerous past socio-economic studies conducted on both sides of the issue of gambling, the anticipated cost of the proposed analysis, the perceived focus of the analysis on the financial impacts of gambling in Hawaii, and the lack of specificity regarding the selection of gambling commission members, among others.

Your Committees understand these concerns, but find that a serious, independent study of the potential impacts of gambling in Hawaii may indeed be beneficial. In addition to the broader, generic issues covered in many of the studies on gambling, Hawaii has several unique factors to consider, including the impacts for the neighbor islands and how gambling may affect Native Hawaiian concerns. Gambling legislation has been introduced in the Legislature every year for many years, and conflicting and partisan information regarding the impacts of the proposed legislation hampers the Legislature's ability to determine the merits of these measures.

Your Committees agree that addressing the concerns raised by many of the testifiers would strengthen the measure, and have amended this measure accordingly by adopting the proposed S.D. 1 and further amending this measure by:

- (1) Expanding the scope of the independent analysis the gambling commission is to undertake to include:
 - (A) The social impacts of gambling on individuals, families, and communities;



- (B) Infrastructure impacts, including increased traffic and possible disruption of neighborhoods where casinos might be located;
 - (C) The availability of an adequate labor force, and educational and training opportunities;
 - (D) How gambling might complement or detract from existing businesses, tourism activities, attractions, and Hawaii's unique culture;
 - (E) The role of the public sector, including state and county executive and legislative branches, regarding any legalization of gambling, the related establishment of a regulatory body or bodies, and any additional public policy requirements;
 - (F) The role of the private sector, including but not limited to the casino industry and other affiliated business interests; and
 - (G) Other information that may be deemed appropriate;
- (2) Requiring gambling commission members to be selected based on their educational backgrounds, business and financial expertise, and community involvement, and comprise a balanced representation of members in support of and members opposed to gambling in Hawaii;
 - (3) Requiring the gambling commission to be administratively attached to the Office of the Auditor;
 - (4) Requiring the gambling commission to ensure adequate opportunities for public comment on the results of the analysis, and to submit to the Governor and the Legislature a preliminary report on the status of the analysis no later than twenty days prior to the convening of the Regular Session of 2013, and a final report on the analysis and its findings and recommendations no later than twenty days prior to the convening of the Regular Session of 2014;
 - (5) Dissolving the gambling commission on December 31, 2013;




- (6) Authorizing the appropriation to be expended for contracts for services for the analysis;
- (7) Inserting an effective date of July 1, 2050, to ensure further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development and Technology and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2893, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2893, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Technology and
Ways and Means,



DAVID Y. IGE, Chair



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 2893	Committee Referral: EDT/WAM	Date: 3/1/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye ✓	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
SOLOMON, Malama	✓			
SLOM, Sam			✓	
TOTAL	4	0	1	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <i>SB 2893</i>	Committee Referral: <i>EDT/WAM</i>	Date: <i>3-1-12</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne				✓
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani				✓
ESPERO, Will				✓
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.				✓
WAKAI, Glenn	✓			
SLOM, Sam			✓	
TOTAL	9	0	1	4
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes