

Honolulu, Hawaii

MAR 03 2011

RE: S.B. No. 4  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred  
S.B. No. 4 entitled:

"A BILL FOR AN ACT RELATING TO GAMBLING,"

begs leave to report as follows:

The purpose and intent of this measure is to close a loophole  
in the gambling laws that allows gaming machines in restaurants  
and other establishments by:

- (1) Eliminating free play, beginning on January 1, 2013, as  
a defense to the prohibitions on gambling in part III of  
chapter 712, Hawaii Revised Statutes; and
- (2) Amending the definition of "advancing gambling activity"  
to clarify that offering free play as an alternative to  
play via purchase does not render legal conduct that  
would otherwise constitute the illegal advancement of  
gambling under part III of chapter 712, Hawaii Revised  
Statutes.

Your Committee received testimony in support of this measure  
from the Hawai'i Coalition Against Legalized Gambling and Hawaii  
Family Forum.

Your Committee finds that this measure is intended to address  
vending machines that dispense "sweepstakes" game cards, which  
have been operating for several years in a large number of bars,  
restaurants, convenience stores, and other retail establishments.



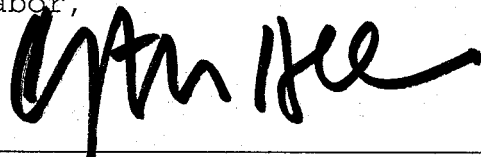
These machines are intentionally manufactured to have payoffs similar to slot machines. These devices ostensibly sell high-priced phone cards, but their true purpose appears to be to let people play video games for a chance to win cash or prizes. However, because the machines offer an alternative method of entry or "no purchase necessary to play" option, there is some question as to whether what is essentially a slot machine can legally be played in our State. Your Committee believes that this measure will close this loophole in Hawaii's gambling laws.

Your Committee has amended this measure by:

- (1) Adding definitions for "free play" and "pool" for clarification purposes;
- (2) Adding a savings clause;
- (3) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 4, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 4, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,



CLAYTON HEE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

Bill / Resolution No.:* <b>SB 4</b>	Committee Referral: <b>JDL</b>	Date: <b>2/9/11</b>		
<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
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile (VC)	✓			
GABBARD, Mike	✓			
IHARA, Jr., Les	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes